

Labour rift too deep to be bridged, says Mr Jenkins

Mr Jenkins, disillusioned with the "abilities" within the Labour Party, visions he finds too deep to be bridged, room for doubt yesterday that he will campaign for a realignment in British when his commitment as President of the Commission ends next year.

Campaign for political alignment likely

Mr Jenkins left little doubt yesterday that a campaign for a realignment in British politics when he retires as the European Commission President is likely.

Mr Jenkins was sufficiently clear in his comments on how or when, made clear his disavowal of the Labour Party's position within the party.

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CBI seeks wages talks with unions

By Paul Routledge
Labour Editor

The Confederation of British Industry has proposed talks with TUC leaders before the next wage round to discuss and maintain the country's joint action to reduce inflation.

The initiative was made during last month's meeting of the National Economic Development Council, involving Government, unions and industry, but full details are only minutes away from tomorrow's meeting.

While refusing to talk merely about wage restraint, the trade union members on the council did not slam the door on such discussions, provided they involved a broad range of social and economic issues.

According to minutes taken by the TUC, the confederation argued that the economic outlook was poor because of slow growth in world trade, sterling's high exchange rate, the level of interest rates and three damaging major industrial disputes.

Industry had accepted the reality of a Labour Government in office, and the TUC should "respond in a similar manner to the changed circumstances".

The TUC document then records this: "In the CBI view, bilateral discussion between the TUC and themselves was required before the next wage round on joint action to reduce inflation and maintain UK competitiveness."

Government ministers made little contribution to the exchanges, but Sir Keith Joseph, Secretary of State for Industry, gave a warning against reading too much into the "success" of wage restraint in bringing down inflation.

Mr James Prior, Secretary of State for Employment, said he was concerned at the clear prospect of unemployment rising to an unacceptably high level.

The Economic Committee will have an opportunity tomorrow to decide whether to take up the CBI initiative.

Union leaders emphasized that exhortation to moderate pay settlements would be completely fruitless "while Government policies continue to cause serious erosion in living standards".

Mr Jenkins said: "There was no amity at Wembley and there was no agreement. It is much more than once again great tracts of ground have been given up but not even armistice, let alone lasting peace, has been secured."

Report of speech, page 2
Leading article, page 15

'Massive insurgent attack' threatens Soviet hold on capital of Afghanistan Russians send 10,000 troops to reinforce Kabul defences

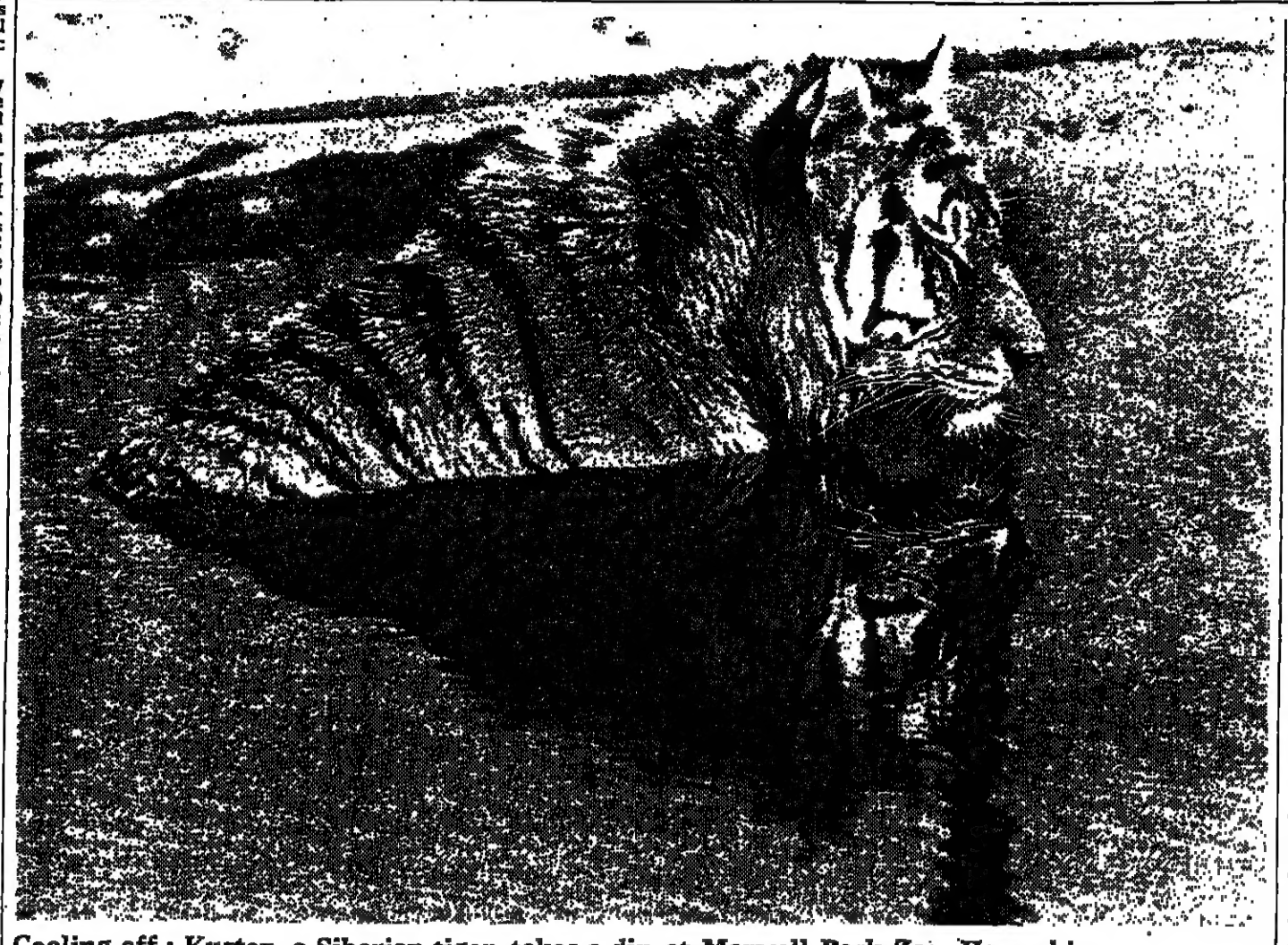
Delhi, June 9.—About 10,000 fresh Soviet troops arrived in Kabul today and were immediately dispatched to reinforce Soviet and Afghan Government forces protecting the capital, highly reliable reports reaching here said.

News of the reinforcements' arrival coincided with reports of fierce fighting between the insurgents and government soldiers in areas adjoining Kabul. At least 16 Soviet soldiers were ambushed and killed inside the Afghan capital late last night in the hit-and-run strategy adopted by the insurgents who are believed to have come down from the adjoining Paghman mountain range, sneaking through the cordon erected by an estimated four divisions of Soviet soldiers and 3,000 tanks and armoured personnel carriers.

Highly-placed Indian foreign Ministry sources confirmed the fighting, while another Indian source said: "Kabul is under threat of a massive insurgent attack". This would be the first time the Afghan capital has been seriously threatened by insurgent offensive since the Soviet troops moved in on December 27 last year.

Factory workers in Kabul were reported to have gone on strike today to protest against the Soviet troops presence in Afghanistan. Earlier reports quoting travellers arriving in Delhi said Soviet and Afghan government forces had isolated and encircled an estimated 20,000 insurgent force, in the Paghman mountains 12 miles north-west of Kabul. Later reports said the insurgents armed with new weapons, launched attacks on the cordon line today and some managed to get through and into the city.

An African diplomat who arrived in Delhi today from Kabul also confirmed fighting and said that the Russians were finding it difficult to cope with the guerrillas. "The fiercest fighting is going on near Kabul and I will not be surprised if the guerrillas kill lots of Russians", the diplomat, who asked not to be identified, said. Meanwhile, independent reports, quoting eyewitnesses, said that large convoys of Afghan and Soviet military personnel were seen moving out of Kabul, apparently to reinforce troops already there. An unusual increase in aircraft movement was noticed today as Soviet bombers and gunships flew over Kabul and headed towards the north-west. Afghan militiamen have resumed house-to-house searches to spot the guerrillas who are believed to have been given shelter by sympathetic Afghans in the capital. But the task of tracing the insurgents has become complicated as thousands of Afghans have entered Kabul from adjoining areas during the past three days.—Agence France-Presse.



Cooling off: Kurten, a Siberian tiger, takes a dip at Marwell Park Zoo, Hampshire.

Easing inflation shown in factory gate prices

By David Blake
Economics Editor

There was some moderately encouraging news for the Government over its battle with inflation with the announcement yesterday that the factory gate prices charged by British industry rose by only 1.2 per cent in May while raw material costs actually fell by 0.9 per cent.

But the figures suggest that the Government's forecast on the rate of inflation over the coming year is too optimistic.

The annual rate of increase in factory gate prices actually fell from 19 per cent in April to 18 per cent in May, but at the first sign of a downturn in the inflation rate was muted by the fact that the wholesale price index over the past six months, which is generally thought to be the best indicator of a future pattern, rose to 9 per cent in May from 8 per cent in April.

The Government is nonetheless likely to draw some comfort from the latest figures, which come at the beginning of a week in which bad news is expected.

The annual inflation rate as measured by the Retail Price Index is expected to show a further increase to around 23 per cent. However, this is expected to fall sharply in July or August as the effect of the increase in last year's inflation rate value added tax work their way through.

The evidence from the latest set of figures suggests that inflation will hover at a little below the 20 per cent level for much of the rest of the year, with a possibility that it may even be showing signs of rising again in the autumn.

By the turn of the year, however, it should be coming down perceptibly though forecasts differ on how rapid the drop will be.

One thing helping it on its way down is likely to be the easing of costs of raw materials and fuels purchased by industry. These fell in May, ending the Government's run of bad luck on raw material prices which have been heavily influenced by the rising price of oil.

Even the anti-inflationary effect of a high exchange rate has not been enough to cancel out the sharp increase in costs in the oil and raw materials sector. This is expected to ease as the world moves into recession.

The sharp rise in raw materials costs has still not wholly been reflected in the prices which manufacturers charge for their goods. This has meant squeezed profit margins and forced many of them to cut back on output.

One reason they have not been able to pass on their extra costs has been that foreign competition has been strong in the British market.

Over the past few months there will be conflicting pressures on manufacturers' costs. High wage settlements will be tending to push them up sharply, while the continuing easing of commodity prices should exert an anti-inflationary effect.

Britain bans Spanish and Greek potatoes

By Hugh Clayton
Agricultural Correspondent

An immediate ban on imports of new potatoes from Greece and Spain was ordered by the Government yesterday. Mr Peter Walker, Minister of Agriculture, Fisheries and Food, said state subsidies to Greek and Spanish exporters would "ruin the legitimate expectations of our growers".

The subsidies, worth about 4p a lb, have led to increased sales of Greek and Spanish potatoes in several countries. They have increased fears among British farmers of a flood of cheap produce when Greece and Spain join the Community in the next three years.

French farmers demonstrated against subsidised imports on Saturday by dumping potatoes in streets. President Giscard d'Estaing called last week for a delay before further enlargement of the EEC.

The French Government will apply today for permission from the European Commission to impose its usual annual ban on imports of Greek and Spanish new potatoes.

The British ban was imposed without reference to Brussels after Mr Walker had faced strong lobbying from the National Farmers' Union. He is due today to attend the Three Counties Show near his Worcester constituency.

The NFU welcomed the ban yesterday and said that Spain alone had intended to sell 40,000 tons of new potatoes in Britain this year. Last year Greece and Spain together sold 40,000 tons in Britain.

Mr Derek Methven, national secretary of the Retail Fruit Traders Federation, which represents greengrocers, said the organization's policy was to oppose bans which restricted consumer choice, but they appreciated why the Government had banned imports of potatoes.

Professors offered total of 19%

By Diana Geddes
Education Correspondent

The universities have agreed to give 35,000 lecturers and professors a comparability pay increase averaging 19 per cent, but the Government has yet to ratify the agreement.

The proposed award includes the flat-rate 6 per cent increase which has been paid to lecturers since April 1 in anticipation of a settlement on their comparability claims. The additional increases ranging from 11 per cent to 16 per cent and averaging 13 per cent would be paid from October 1.

The award would bring a lecturer's minimum salary from £5,052 (with the April 1 rise) to £5,755 and the average salary would go up from £8,083 to £9,035. The minimum pay for a professor would rise from £12,824 to £14,640.

The award does not include the universities' normal annual pay increase which also will be paid from October 1.

The agreement on the comparability award was reached between the university authorities and the Association of University Teachers at a meeting on May 18 of "Committee A" which deals with the first stage of university teachers' salary negotiations.

The union had decided earlier to withdraw the reference of its comparability claim to the Clegg commission, which was submitted in December, after the commission said that it would not be ready to produce a report on university teachers' pay until the summer of next year.

The union and the universities are waiting for the Government to arrange a meeting of "Committee B", the second and final stage in the salary negotiations, at which the Government will give its response to the proposed comparability award.

The union claims that anger is growing among its members over the delay.

Schmidt reservations on EEC enlargement

From Patricia Clough
Essen, June 9

Herr Helmut Schmidt, the West German Chancellor, said today that the European Community could not afford to expand its membership further under present conditions.

"Without the indispensable adjustments to its agriculture policy and without a more balanced distribution of burdens, the Community cannot finance the tasks which face it in its expansion southwards", he said.

"We can only carry out this great political task which we have undertaken to strengthen democracy in Europe if we know ourselves as a Community to be strong and secure."

The Chancellor, speaking at the Social Democrat Party congress in Essen, also said the Community "must not become a self-service store for special interests" otherwise it would not be able to survive.

Herr Schmidt was supporting, to some extent, the objections of President Giscard d'Estaing of France to expanding the Community's membership at present, but he differed in the remedies he suggested.

He was referring to Spain and Portugal whose entry is still under negotiation. Greece's accession to the Community has already been agreed.

Among the causes of imbalance in the Community which had to be removed before 1982 were, above all, "the methods of carrying out the principles of the common agricultural policy", he said.

"Here, too, solidarity cannot be one-way only." The Chancellor defended the expensive compromise (for West Germany) on the British budget problems which, he said, had been necessary "to preserve the balance of power and strengthen the role of Europe in maintaining peace in the world".

The dispute, he said, had threatened the Community with general paralysis. Its solution was top priority for both foreign policy and security reasons.

He warned West Germans that it would cost them an estimated DM 2,500m (about £625m) more in 1980 and 1981 and that next year West Germany will face a DM 3,000m trade deficit. The only other countries to have trade deficits would be France and Britain.

"Other countries, which are Continued on page 8, col 2

Israel JS try to headlock

First step towards reopening talks on Palestinian statehood in the Egyptian, American delegations have arrived in Washington to discuss coming the obstacles in the way of negotiations. No date for the meeting which officials see merely as a or the possible resumption proper.

Health threat

Vote to plan for industrial health service was taken and Local Government Association's Eastbourne committee 150,000 workers, including nurses and midwives, will unless the Government 4 per cent cash limit for s. Negotiators are demanding.

by mistake

Defence Secretary, has House of Commons that nuclear missile alert, a false computer warning, led to a "world war by

Mr Haughey's plan for Ulster initiative

Mr Charles Haughey, the Prime Minister of the Irish Republic, has supported a clearly on all-Ireland initiative on Ulster, and this will strengthen the opposition of Roman Catholics in Northern Ireland to the gradually emerging Westminster plan. He attacked the "flat-footed, unremitting guarantee by the British Government to Unionists".

England face defeat

West Indies scored 109 for two in their second innings and need only 99 to beat England in the first Test match. Earlier, England were all out for 252, Boycott having scored 75. At one stage, they were 174 for two.

Tennyson MS for sale

The most complete autograph manuscript of Tennyson's poem, In Memoriam, is to be sold by his descendants at Sotheby's. The poem, one of the most distinguished works of the Victorian age, is expected to fetch £100,000 to £150,000.

Cannabis condemned

Many research papers have proved that the effects of cannabis are harmful and it should never be legalized. Dr Frank Wells, adviser to the Committee on the Safety of Medicines, says. Cannabis smoke is substantially more destructive than tobacco.

Broadmoor killer held in Wales

The convicted killer from Broadmoor Robert Demoulopis, was recognized and captured at Swansea railway station. To avoid forwarding him, Police Constable Gerard Protheroe, aged 36, removed his helmet, jacket and the before approaching. There was no struggle and PC Protheroe was praised for his action.

Beaton auction

The late Sir Cecil Beaton's home in Wiltshire was sold by auction for £225,000, only a little more than that paid for 300 lots of the contents by buyers of nostalgia. A collection of his famous hats made £170.

Pollen count: Figures compiled by the Asthma Research Council will be given daily during the summer in The Times weather report, starting today.

Portugal: An eight-page Special Report on a country undergoing major reforms and heavily embroiled in joining the European Economic Community.

Classified advertisements: Personal, pages 24-26; Appointments, 6, 24; Sale rooms and antiques, 23.

Leader page 15

Letter: On economic strategy, from Mr William Shepherd; the "sos" law decision, from Mr John Hunt, MP; civil servants and ministers, from Sir Antony Durr.

Leading article: Mr Roy Jenkins's speech; Cyprus

Obituary, page 16
Dr R. M. Fry, Lady Boyd-Orr

Arts, page 11
John Russell Taylor on Jacklin, Brangwyn and other new exhibitions. In London: William Mann on a day of song at the Aldeburgh Festival; Craig Brown talks to the novelist A. N. Wilson; Paul Griffiths and Barry Millington on South Bank records and Max Harrison on London debates.

Features, pages 10, 14
Bernard Levin on a question of parliamentary privilege; Ben Wrenn on the London Antiquarian Book Fair.

Sport, pages 12, 13
Cricket: Ireland beat MCC; Surrey win in two days. Rugby League: Fulham may apply for second division membership. Rugby Union: Lions approaching hardest part of tour. Tennis: Only two titans through to Wimbledon.

Business News, pages 17-22
Stock markets: Equities advanced ahead of today's banking figures while gilts maintained last week's momentum. The FT Index rose 5.9 to 434.4.

Financial Editor: Gold price: £15 annual report; AB Foods

Law Report

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Golf 

RSEAS

Ohira may be forced to resign over doctors' ban on Venice and campaigning in elections

Prime Minister Ohira, the 70-year-old, who has been in office since 1976, is expected to resign by the end of the month. He has given up his post of prime minister since he assumed office seven months ago and the hierarchy is still attempting to decide who will represent Japan at the Venice summit on June 22.

The importance of Japan's presence at the summit is emphasized by the fact that the West's Asian ally has emerged as the world's biggest producer of steel, cars and other manufactured consumer goods. At the same time sanctions against Iran cannot work without Japan's co-operation.

Party leaders have suggested that either Mr Ohira's predecessor, Mr Takeo Fukuda, or Mr Saburo Okita, the Foreign Minister, may attend the summit. The medical bulletin also placed the ruling party into confusion as party officials cancelled Mr Ohira's programme on the campaign trail.

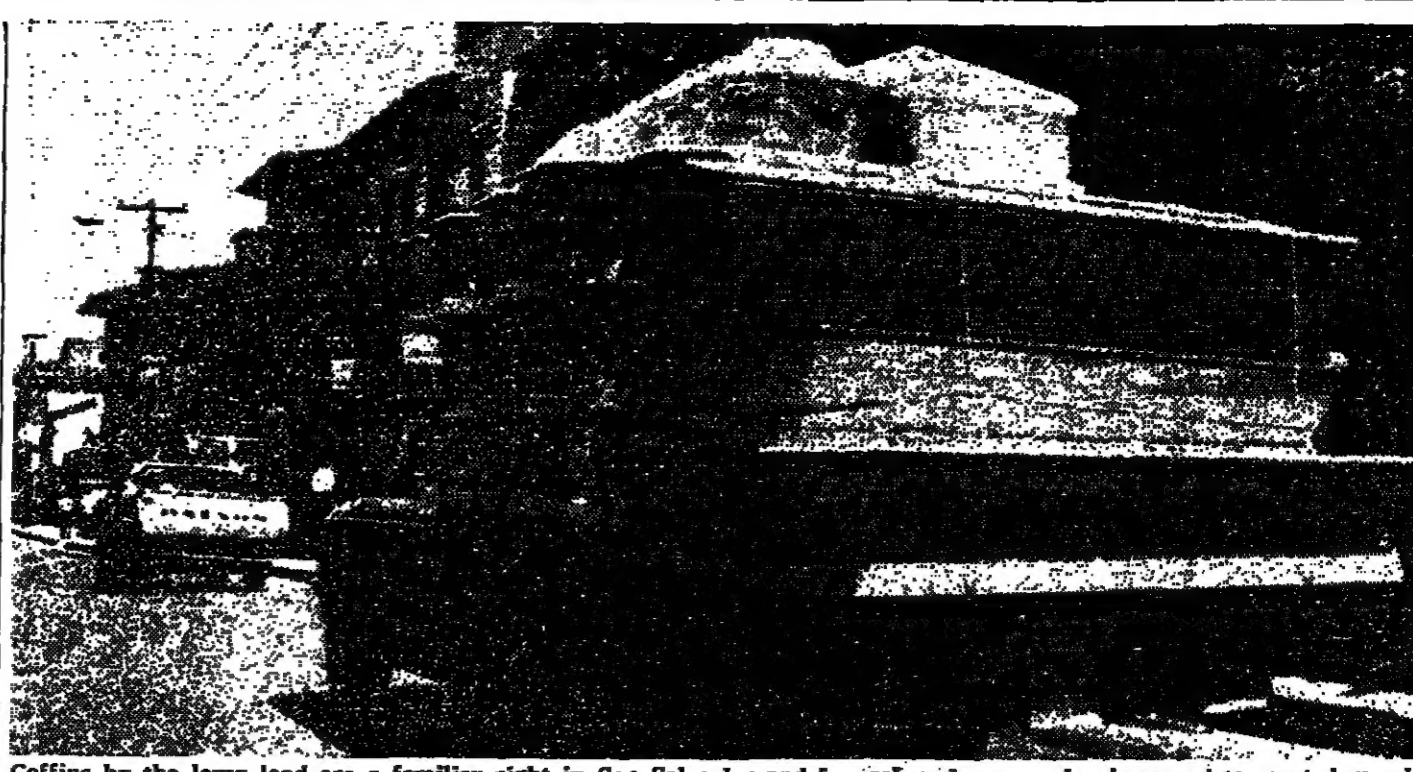
In the meantime conservative

leaders and Japanese newspapers are speculating on the names of Mr Ohira's successor. The *Asahi Shimbun* declared that Mr Ohira "will find it difficult to remain in power if he cannot attend the summit and fails to campaign for the election".

The paper went on to name three possible contenders for the party leadership. They are Mr Yasuhiro Nakasone, a former secretary-general of the Liberal Democrats, Mr Toshio Kono, a former Minister of International Trade and Industry, and Mr Kiichi Miyazawa, a former Foreign Minister.

But the paper pointed out that Mr Miyazawa emerges as the strongest candidate because of the mood in the party favours younger leaders. At the same time Mr Miyazawa is seen as a compromise candidate who is not caught in the inter-factional rivalries that threaten to split the ruling party.

Support falls: Only 21 per cent of a sample of 3,000 voters supported the Ohira Government, a poll by the newspaper *Mainichi Shimbun*, has shown. Forty per cent of the voters refused to support the Cabinet, *Agence France-Press*.



Coffins by the lorry load are a familiar sight in San Salvador and funeral parlours are hard pressed to meet demand.

34 more die as civil war looms in El Salvador

San Salvador, June 9.—Bombings shook San Salvador and at least 34 people were murdered in another weekend of political bloodshed across El Salvador, police said today.

Five kidnap victims, including a pregnant woman, were found dead in San Miguel, seven bodies were found in Santa Ana, one with the initials EM (death squad) carved in his chest, a student was machine-gunned in San Vicente and 21 people were killed in the capital, *Reuters*.

Random terror: El Salvador is now in the throes of the worst violence it has known for many years. Day after day the newspapers are full of reports of killings, most of them for political reasons, and it is widely thought that things will grow worse, leading perhaps to civil war (see *Stafford* writes from San Salvador).

Some of the deaths are the doing of the various revolutionary movements opposed to the Government. But many more of them are caused by the Government's own security forces and the rightist groups linked with them. They have adopted tactics of almost random terror in some areas.

The El Salvador Human Rights Commission estimates that between January 1 and May 15, a total of 1,752 people were killed by police and rightist groups while 503 were killed by the left. The figures have worsened during the year, it says.

Salvador, a small country of some 4,500,000 people has a history of violence. In 1932 about 30,000 were killed when a peasant uprising was put down with great brutality by the armed forces. Since then there has been a series of military governments and the growth of discontent over the unequal distribution of wealth.

There was hope that things would improve last October when some younger officers seized power and announced they would introduce reforms. But though there has, in fact, been some far-reaching legislation, including Agrarian reform, and the nationalization of banks and foreign trade, its effects have been seriously limited by the growth of violence.

The civilian politicians of the moderate left, who supported the junta which was set up in October, withdrew in December when they found that they could not control the security forces. They have now joined the revolutionary movements of the far left in a broad opposition alliance, the Democratic Revolutionary Front.

The Christian Democrats are the only party still supporting the Government, with two members in the ruling five-man junta. Even the more leftist members of the party have joined the opposition and are bitterly critical of those who have stayed for giving respect-

ability to a repressive, rightist regime.

The Roman Catholic Church, which has a position of great influence in El Salvador, is still recovering from the assassination, in March of the Most Rev Oscar Romero, the Archbishop of San Salvador. Mgr Arturo Rivera y Damas, who has taken his place but has not yet been appointed Archbishop, has been less critical of the Government and less inclined to support the revolutionary left.

But there are church groups such as *Socorro Juridico*, the branch of the archbishopric dealing with human rights, as well as individual priests who publicly support the programme of government set forward by the Democratic Revolutionary Front.

One of the main supporters of the Government is the United States which sees it as the only way of preventing a regime dominated by the extreme left. There is already a leftist regime in Nicaragua after last year's revolution there and the Americans want to avoid a repetition here.

ist says torture in Turkey is widespread

Turkey is wide-spread, Amnesty said in a report issued yesterday. It alleged that it was based on most of the cases which it had received from peace prize-winning organizations. The report said that the methods of torture included beatings, sexual abuse, and the use of electric shocks. It also mentioned the use of hot irons and the use of dogs. The report said that the victims were often held incommunicado and that the torture was often carried out by the police and the military. It also mentioned the use of the "50 days" method, in which the victim is held in a dark, confined space for 50 days. The report said that the victims were often held incommunicado and that the torture was often carried out by the police and the military. It also mentioned the use of the "50 days" method, in which the victim is held in a dark, confined space for 50 days. The report said that the victims were often held incommunicado and that the torture was often carried out by the police and the military. It also mentioned the use of the "50 days" method, in which the victim is held in a dark, confined space for 50 days.

banned left-wing newspaper and left-wing pamphlets.

She was taken to the Inonu Stadium and held in a changing room. During interrogation she was beaten all over her body and given electric shocks.

Amnesty said it knew of at least three cases where people were held incommunicado and tortured to have died after being tortured.

On April 21 the Turkish daily newspapers, *Cumhuriyet* and *Demokrat*, reported the death in hospital of a trade unionist, Mr Yasar Gundogdu, after his detention at police headquarters in Ankara. Doctors reported that he had died of a heart attack and that his death was due to brain damage caused by torture.

Mr Osman Mehmet Onsoy was detained on May 5 and taken to police headquarters at Gayrettepe, Istanbul. He was later removed to Haydarpasa military hospital in a coma and died on May 22.

Mr Oruc Korkmaz, detained on January 5 in Kars, was later found dead in prison. His mother, who has called for an investigation into the cause of his death, alleges that he died after torture.

Martial law was imposed in Turkey in December, 1978, after political assassinations by both right-wing and left-wing groups. It is in force in 21 of the 67 provinces.

Cumhuriyet reported that in the four months up to April, 1980, a total of 46,796 people were detained for political reasons. The Amnesty mission said that many appeared to be arbitrary and did not result in prosecution. — *Agence France-Press*.

Col Gaddafi backs up death threat

From Peter Nichols Rome, June 9

With two days to go before the expiry of his ultimatum, Colonel Gaddafi, the Libyan leader, is quoted here today as saying that Libyans required to return from abroad who refuse to do so "will be ferreted out and liquidated".

In an interview with the Italian periodical *Panorama*, Colonel Gaddafi denied that the persons ordered home were dissidents. "These individuals are the remnants of a society of exploitation, of corruption, of slavery, of the class system. The old era will be eliminated by the new with all the means at our disposal."

Whoever places himself in opposition to the society of the masses and to the revolutionary forces will inevitably be fought, defeated and eliminated."

Colonel Gaddafi said that he laid down the ultimatum expiring on June 11 to give the people concerned "the chance of escaping the vendetta of the revolutionary forces. Once this date is reached, I shall no longer be able to assure anyone their physical integrity."

Asked if a bloodbath could be expected, he said: "When I addressed my invitation to these people, I spoke clearly: Return before the eleventh or you will all be eliminated."

For the Italians, the expiry of the ultimatum the day after tomorrow is a delicate issue, with the supply of Libyan oil at stake. Four Libyans have already been murdered since the ultimatum was issued.

Officially just under 1,500 Libyans live in Italy, but the actual number is at least double that. Very few have gone back to Libya in the past few weeks and their community is a large one to protect. About 17,000 Italians work in Libya.

Libyans fighting in Chad war, Habre men claim

From Michael Leppman New York, June 9

British non-musical plays and actors have often won awards on Broadway, but last night the British musical *Evita* won the best musical award at the annual Tony awards.

Mr Lloyd Webber, accepting the award for the best score, made the point that it had always been said that the British could not write musicals. He and Mr Kander won a separate prize for their script, triumphantly proved that wrong.

Parti Lupone, in the show's title role, was named the best actor in a musical, and Harold Prince the outstanding director, Mandy Patinkin as best support-

British musical wins seven 'Tony' awards in US

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Cosmonauts are back after five days in space

From Michael Leppman New York, June 9

The cosmonauts Yuri Malyshev and Vladimir Akonov returned to Earth safely today after a five-day space trip on board the experimental Soyuz T2 craft, *Tass* reported. They returned after undocking their craft from the orbiting space station Salyut 6.

Colonel Malyshev, aged 38, and Mr Akonov, aged 45, were launched on Thursday to make the first manned test flight in the new version of the Soyuz craft.

The Soyuz T2, designed to replace the old Soyuz completely in due course, was the first time a computer on board.

Soviet designers claim the new craft is not only more sophisticated than its relatively simple forerunner, which dates from the 1960s, but more comfortable and more economical with fuel.

Report on black ghetto reveals appalling conditions

From Michael Leppman New York, June 9

At least 32,000 homes need to be built to catch up with the housing backlog in Soweto, the black ghetto outside Johannesburg, which nearly four years ago exploded into violence that spread across the country and left more than 600 people dead.

A report by the privately-backed Urban Foundation, based on two years of research, lists the statistics of South Africa's largest concentration of urban blacks where as many as a dozen people die violently every weekend.

The Foundation, founded and financed by big business in November, 1976, aims to improve the quality of life in black urban areas and to protect capitalism as the economic system capable of meeting the challenges of South Africa. Its chairman is Mr Harry Oppenheimer, head of Anglo American, the mining and industrial corporation.

19 pupils hurt in baton charge by riot police

From Our Correspondent Cape Town, June 9

South African police today baton charged pupils at the Bellville South high school, near Cape Town, after cars and buses in the area had been stoned. Nineteen pupils received hospital treatment and 52 were arrested.

When the stone-throwing started, two policemen with drawn pistols chased pupils back into the school grounds. A squad of riot police later forced open the school gates and charged into the grounds. Bystanders said they heard the screams of children.

It is not clear to what extent pupils in the Cape Peninsula are heeding the call by their leaders, the Committee of 81, to abandon the schools boycott and return to classes. While attendance improved today, normal classes have not yet been resumed.

In Durban, about 200 Indian pupils, suspended from the Gandhi-Desai school for taking part in the boycott, were today arrested for rioting. Riot police went to the school at the request of the principal after suspended pupils tried to stop fellow pupils from writing examinations.

ic air use resolved

June 9.—The Air New 1 crash in Ant- November which people on board a de- Government today.

crashed into the sea on November 28. The accident, said, stated what he is probable cause at he said it had to establish a

ibboys, the acting up, said to dec- their report a public would be a next few days.

Namibia is seen as 1 to Zambia

Independence is Namibia's economic cording to Mr the Zambia in an interview before leaving ne over the week- the hope that a new indepen- is (South-West be next on the

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ment we still pressures which certain things

ia was anxious ern group in con- d exert its influ- Africa. "Every- solved, even the zones, if South- ling," he said.

firmly believed Africa does not sated". He felt erence involving wapo (South-West e's Organisation) and essential.

Americans seize Soviet trawler off Alaska coast

Kodiak, Alaska, June 9.—A Soviet trawler and its crew of 100 were seized by US coastguards off Alaska tonight, the Coast Guard said.

The trawler was the first vessel since President Carter banned the Soviet fleet from the area after Moscow's move into Afghanistan.

The 270ft *Prokofyeva* was boarded by crew of the Coast Guard cutter *Midgett* 65 miles south-west of the Shumagin Islands in the Gulf of Alaska. The trawler was ordered to accompany the cutter to Kodiak.

The Soviet Union can fish in parts of the Gulf under a deal with the US after the Afghan crisis but the *Prokofyeva* was apparently accused of violating a 200-mile fishing, conservation and management limit. — *Reuters*.

Recently the front-line states held a meeting in Lusaka and expressed their willingness to play any role the United Nations might feel they could usefully undertake in the Namibian negotiations.

At the same time the Zambian Prime Minister felt that South Africa's preparedness to adopt a conciliatory attitude on the Namibian question after the early years of a hardline policy had to be partly attributed to Swapo guerrilla activities. Fighting paved the way to the conference table.

Mr Lusaka also pointed to the unresolved Namibian issue as the reason for Zambia's continued need for armaments.

He was bullish about Zambia's economic outlook, while acknowledging that its copper-based economy had to diversify. He rejected the claim of observers of a possible crisis of expectation in Zambia in the wake of Zimbabwe's independence.

"People expect a certain amount of improvement in our economy which we are already doing. For instance, last year we had endless queues of people waiting to buy certain essential goods. But of late the position has improved considerably. Production has been stepped up."

The Zambian Prime Minister concentrated on economic issues during his visit to Britain.

More Gurkhas wanted to curb Hongkong refugees

From Richard Hughes Hongkong, June 9

Sir Charles Philip Haddon-Cave, Hongkong's Financial Secretary, will visit London this week for discussions with the Defence Ministry on reinforcement of the colony's garrison by a fifth Gurkha battalion.

Hongkong is prepared, if reluctantly, to bear most of the cost of this additional unit as it agreed to do at an earlier conference which approved the dispatch of a British-based infantry battalion and two Gurkha infantry companies from Brunel.

Chinese communist representatives in Hongkong welcome the strengthening of the garrison to help check the flow of refugees from China.

There would certainly be strong opposition here to pres-

sure for the transfer of Gurkhas from Hongkong to help quell the island rebellion in the New Hebrides.

Despite the use of helicopters, faster naval launches and new blinding searchlights known as "nite-guns", the exodus of illegal entrants from China into Hongkong continues by land and sea.

More arrests are being made than before. There were 8,000 last month—and the total for the first five months of this year is more than 27,000. But it is estimated that at least the same number managed to find refuge in Hongkong.

There is believed to be a move afoot to increase by 15 per cent the strength of the existing Gurkha forces based in Nepal, Brunel, Britain and Hongkong—now about 7,000.

Mozambique and South Africa content with keeping to a war of words

From Nicholas Ashford Maputo

Whatever pleasure Mozambique may have derived from last week's guerrilla attacks on oil refineries in South Africa has been tempered by a growing sense of concern that a new conflict may be developing in southern Africa into which Mozambique could again find itself dragged. The war in Zimbabwe, which caused extensive damage to Mozambique, has only just ended, and the Mozambicans are hoping for a period of peace in which to develop their economy.

Mozambique adopts a necessarily ambiguous attitude towards South Africa. It is vociferous in its condemnation of apartheid. It subscribes to the United Nations Organisation for South Africa. Yet it maintains extensive trade and communications links with its white neighbour.

Mozambique's attitude to South Africa was recently ex-

plained by President Samora Machel: "Our neighbour may be a criminal, a murderer, even a madman, yet he is still our neighbour", he said.

Mozambique believes that the problems posed by South Africa are different from those of Zimbabwe before independence. It does not see the country's status as being objectionable but the racial policies that its Government adheres to.

Mozambique is equivocal about the sort of support it is prepared to give to the African National Congress (ANC). Unlike Zanu (PF), which was allowed to establish guerrilla bases in Mozambique during the war in Zimbabwe, Mozambique states that the "South African liberation struggle cannot be waged from outside". The Mozambicans believe that what they term South Africa's "internal contradictions" will lead to change from within, without a prolonged armed struggle.

The reason for that equivocation can be seen in the number of South African-registered cars parked outside Maputo's main hotels. There is still much business being done between the two countries. Maputo is the most important port for South Africa and Mozambique derives badly-needed foreign currency from South African traffic. South Africa employs about 30,000 Mozambican miners in its gold mines, although this figure is only a quarter of what it once was.

Electricity from the Cabora Bassa hydroelectric project is sold to South Africa. Mozambican oranges are marketed under South Africa's "Outspan" label. When there were explosions at the Mozambique coal mine and a fuel depot at Beira, it was South African fire-fighters that were called in to help.

In spite of both countries' need for each other there has been an intensifying war of words between them. Earlier this year South Africa accused Mozambique of harbouring ANC

guerrillas who had carried out attacks in Natal. Last month Mozambique accused South Africa of assisting anti-Frelimo insurgents.

President Machel's Government is aware of the country's vulnerability should tension continue to rise along its border with South Africa. Maputo is only a few minutes flying time away for South African Mirage jets. The Mozambicans are under no illusions that if South Africa feels threatened it will not strike out beyond its borders, just as the Rhodesians did but with much more firepower at its disposal.

For the moment, however, the ending of the Zimbabwean war has opened up the prospect for Mozambique of establishing closer ties with the West, particularly the EEC. That change was perhaps best demonstrated by the visit which Lord Soames, then Governor of Southern Rhodesia, paid to Maputo in March to

thank President Machel for the constructive role he had played in bringing about a settlement.

Western diplomats in Maputo believe that the settlement, together with President Machel's latest campaign aimed at reducing bureaucracy and encouraging some private enterprise, have caused a slight tilt in Mozambique's foreign relations away from the Communist block and towards the West. In particular they think that Mozambique is anxious to attract Western investment and technology.

The Mozambicans say that there has been no shift. Their policy is one of strict non-alignment and if in the past they have appeared to lean more towards the communist countries it was only because these nations — Mozambique's "natural allies" — showed more interest in assisting Mozambique than did the West. Now that there is peace and Frelimo has demonstrated its stability,

Western investors are starting to take a renewed interest in Mozambique, they say.

In fact, Mozambique is much closer economically to the West than the communist block. The West buys 80 per cent of Mozambique's exports. Sweden is the country's largest aid donor and Western aid almost obliterates the amount provided by communist countries.

Mozambique's relations with the West will to some extent be determined by what happens in South Africa. If the situation there deteriorates and the West is perceived to be assisting the whites, the present climate of closer cooperation between Mozambique and the West will end. That would be regretted by the Mozambicans who have sufficient pride in their national sovereignty not to want to become too dependent on communist countries, however natural they may be as allies.

Carrington plea for wider news coverage

By Roger Berthoud

Lord Carrington, the Foreign Secretary, said yesterday that the British Government was taking "very seriously" the discussions in Unesco and elsewhere on a new international information order.

He was opening the annual conference of the Commonwealth Press Union, many of whose members see certain recommendations of the MacBride Commission report—prepared by Mr Sean MacBride, Unesco's assistant secretary-general—as a threat to press freedom.

Lord Carrington expressed the "pious hope", as he put it, that when Mr Amadou Mahtar M'Bow, the director-general of Unesco, made his own recommendations, he would state "practical, attainable objectives, and as briefly as possible."

"The way to correct the imbalance in information resources is not by restricting news gathering and dissemination, but to develop these assets more widely," he said. "And the best way to achieve that is to develop and build on practical programmes of cooperation."

As examples, he cited British Government sponsorship of visitors specializing in communications, and in the private sector, the Thomson Foundation's press and television training activities.

Unity, which was created not by piling a single "agreed version" of events, but by giving everyone the true facts, as for example about the war of liberation in Afghanistan.

Lord McGregor of Durris, chairman of the Press and the Commission of the Press, felt that the MacBride Commission's insistence that "communications" embraced society and all its problems had resulted in a mass of rubbish so general as to be devoid of meaning.

A message from Dr Ntshani Shanyurira, Zimbabwe's Minister of Information, stated: "It is our firm intention to establish a free and independent media and broadcasting system." But the mass media was dominated by the all-white establishment of previous regimes.

"In our humble view," he said, "press freedom is one that defends the independence of Zimbabwe, the very freedom of its peoples."

Mr F. G. Capon, managing director of the former Rhodesian Printing and Publishing Company, now Zimbabwe Newspapers Ltd, which controls all the mass media papers, and in which the South African Argus group has a 40 per cent stake, said they had not approved of many of the Rhodesian Front's policies, and had sought to avoid sympathy.

He agreed there was a need for more African Unity, and of events in Angola, Mozambique and Zimbabwe's northern neighbours. As head of the Zimbabwe section of the Commonwealth Press Union, he appealed to the Government to relay in full any news service it might set up, and to leave the responsibility of selection and treatment with newspaper editors.

Rare first editions and manuscripts are going on sale in London this week

Books do furnish the imagination

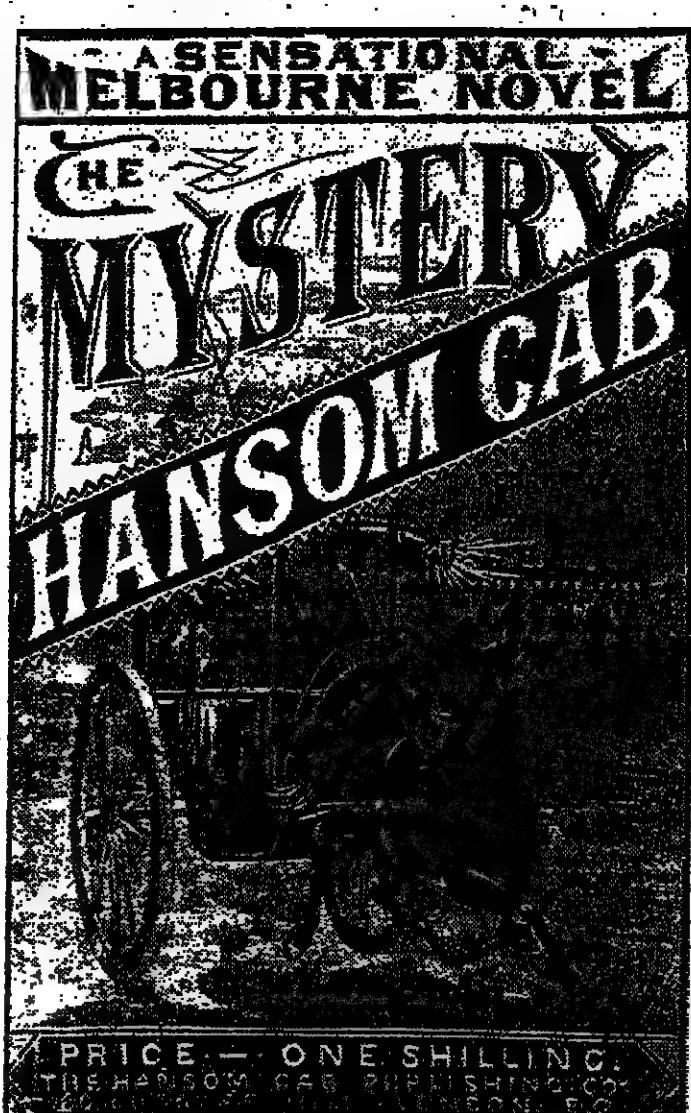
Old's *Les Amants* and his other love poems copied out in a fine hand in the 16th century, an original letter from Henry VIII to Madame de la Ferté sending her falcons... from Calais this 3rd after dinner and you do not need to be surprised to see me thus your falconer when such birds go to submit to the dove... signed in his own fair hand: the original atlas of Oribasius printed at Antwerp in 1570; these and a great deal more are to be found at the London Antiquarian Book Fair in the Europa Hotel today, tomorrow and Thursday from 11am to 6pm.

Only a few of the manuscripts and books are in this five-figure bracket. Most cost no more than a bus fare (say, from London to the City of London) or a taxi fare (say, from the City to the Europa Hotel). A few, however, are of considerable value. For instance, you can buy a *London Directory of 1777*... to all persons who have any trade or concern with the City of London for £85 and from Peter Tait, an American book of 1875 called *Sex in Industry: A Plea for the Working Girl* for £25 which is not for the salacious but a pioneering analysis of the bad physical effects of work and industry on women.

The *Value* books are for possessing rather than reading. No one who cares for comfort would take the heavy, square first edition of Joyce's *Ulysses* to bed with them. The book presents problems enough without additional hazards. The advantage of a Penguin edition is its convenient size and the appended essay by Richard Ellman telling the story of the novel's chequered history and how it was eventually published in Paris on Joyce's 40th birthday in February 1922.

For those who want a copy of the first edition of *Ulysses* to have survived, 200th thousand was a figment of the publisher's imagination to encourage sales. Fergus Hume sold his manuscript for £5, which was all he ever earned from it, and although he wrote more than 130 books he never had another success.

I knew him when I was a small boy and he was in his sixties, though in retrospect



On offer at £150, a famous Victorian detective story—only one first edition copy available....

copy of the first edition is known to have survived. 200th thousand was a figment of the publisher's imagination to encourage sales. Fergus Hume sold his manuscript for £5, which was all he ever earned from it, and although he wrote more than 130 books he never had another success.

he seems much older. He had a soft voice, a bedraggled grey moustache and the bottom of his trousers was always frayed. He lived frugally in a bedsitter in Haddington and we would go for walks together through the woods and fields around Thundersley, invariably passing the open door of my friend down the lane who made coffins for the local undertaker.

Fergus told me that a coffin-maker could size up at a glance everyone he met and never forget a measurement, so his job presented no problems and that was why he was always happy and sang at his work. To a writer like himself, however, even a half-made coffin would reveal the life story of its future occupant, which was rather a serious matter. It was this personal revelation he shared with me over the course of our walk, bringing it to a rounded and satisfactory conclusion as we neared our small house and the cinnamon macaroons and coffee which had been prepared for his welcome weekly visit. Only later in life did I wonder how the sleepy village of Thundersley managed to bury so many love-lorn ladies and noble adventurers during that short span of my childhood years.

Baynton Gregory of Bath has the 1861 edition of *Mrs Beeton's Book of Household Management*. It had appeared in parts between 1861 and 1863 but this is the first complete edition. As Baynton's are skilled binders it is newly clothed in quarter straight-grained red morocco. Mrs Beeton wrote in her original preface, "I have always thought that there is no more fruitful source of family discontent than a housewife's badly cooked dinner and untidy ways."

My father used to say of my stepmother, whom I dearly loved, that she could cook three things: one herring, another herring, and another herring. To these he added cinnamon macaroons. A friend, in an unsuccessful attempt to hold the marriage together, had given her a copy of "Household Management" but Mother in her youth had supported the suffragettes and belonged to the newly emancipated. She read widely, was an inspired teacher, and had little time for family domestic problems. Though ineffective in our family, frequent reprints of Mrs Beeton under a variety of titles have helped many others to bridge the turbulent years between early bliss and

the quiet waters of well-ordered middle age. To those who would commemorate a satisfactory journey with a book prize, the first edition at £195 is little money. The publishers, aware of their responsibility to future generations, have a metric edition in preparation.

Some books, like some people, are born rich. They are conceived and created especially for those of discernment and taste. Such was Redoubt's *Les Rues*, published in this folio volume, Paris 1817-1824. Pierre Joseph Redoubt had all the right connections, teaching drawing first to Marie-Antoinette, then to the Empress Josephine, to her successor Marie-Louise, and finally to the wife of King Louis-Philippe, but despite these Vicar-of-Bray-like propensities, his first and lasting loyalty was to his art.

Dunthorne writes that he... has revealed in the rose and its foliage not only what meets the eye, but its essence of individuality... so fragile and delicate are some single roses that one expects their ephemeral beauty to fade before the eyes, but not in Mr Traylen's copy at £35,000, one hopes, with its 169 fine stipple engravings printed in colour and bound by Simier, the Royal binder, for the Duc d'Orleans.

Maggie has the first edition of Gray's *Elegy* written in a Country Churchyard, unbound, uncut, and sewn as issued. John Carter once wrote: "If the 'appropriate' is a matter of taste, 'original' is a matter of fact. Nothing could be more original than the original example exactly as it came from Robert Dodsley's shop on that auspicious February 15, 1751."

and am obliged to desire you would make Dodsley print it immediately from your copy. He did, only just beating its disreputable magazine, for it appeared in their columns the very next day.

Gray insisted on anonymity and the first editions were published without his name. "The success of his poem brought him little satisfaction and no money," says his biographer, "for he held a quixotic notion that it was beneath a gentleman to take money for his inventions from a book-seller, a view in which Dodsley warmly coincided." Had Maggs been the original publishers, they would, I am sure, have insisted on paying a proper royalty and being forward-looking people they might have laid down a couple of dozen copies of the first edition. It is probably unique in this condition and costs £17,500.

For those of lesser means there are first editions of lesser poets, or late editions of earlier poets, or even early editions of later poets. It is all dictated by fashion, rarity, condition, and the state of the market. Redoubt is for royal dukes and millionaires but Mrs Loudon's *Flower Garden* could be a handsome ornament to the library of any lady in mid-dling circumstances.

Engineers search for books on the achievements of their predecessors and doctors have long sought the seminal works on curing past diseases from the proceeds of treating those that still torment us. Why should not a literate householder collect books on the history of burger alarms? There is no limit to the range of possibilities.

Ben Weinreb

North Sea oil should some be left where it is

With each new price rise by the members of the Organisation of Petroleum Exporting Countries, so the oil under the North Sea becomes more valuable to Britain. It is a blessing not without problems. The strong pound it has created has led to difficulties for British industry, and there is the danger that its benefits may be frittered away without any lasting gain to the economy. But there is no doubt that it is a blessing.

Later this year the North Sea will be producing as much oil as Britain consumes, insulating the country from the outflows that its neighbours such as Germany and France must make to pay to keep their cars running and their boilers fired. Britain does not use all its own oil itself, because requirements for such a high quality crude.

The pace of discovery has slowed dramatically since the peak years.

commanding a premium price, are limited. It is better to export more than half of it and import cheaper oil from the Middle East, but not self-sufficiency ensures Britain both of continued supplies and of a financial security not enjoyed by any other western industrialised nation.

The achievement of net self-sufficiency underlines the fact that the North Sea has become a mature oil province. Most of the oil around Britain's shores has now been discovered. The likelihood of discoveries the size of British Petroleum's Forth and the Shell/Esso Brent complex, each capable of producing a quarter of the oil used every day in Britain, is ever slimmer. It is still possible that such bumper discoveries may be made, but the nature of oil exploration is that the big ones are found first. Production is rapidly built up, and then, after reaching a plateau, begins to decline, unless many smaller discoveries are made.

Discoveries in the North Sea continue to be announced. Earlier this year Marathon Oil, an independent American group, made a find which it described in the industry's usual, cautious jargon, as "potentially significant". More recently the Norwegian government confirmed that Shell had made an important gas discovery.

Nevertheless, the pace of discovery has slowed dramatically since the peak years in the first half of the last decade. Since 1964 governments have had six rounds of licensing, each time offering new blocks for exploration. The search is under way, but by far the greatest accumulation of reserves has been discovered on acreage given out by 1972.

That was to be expected. North Sea oil is not about to run out. Some 16,000 million barrels of oil, which may be ultimately recoverable, have been discovered in the North Sea. At present Britain consumes slightly less than two million barrels a day. Of that 16,000 million barrels, some 30 fields are being developed or about to be developed containing 12,000 million barrels. Much of the 4,000 million not being developed is in smaller accumulations which until recently did not look possible to exploit at a profit.

The rise in oil prices which has taken the value of the North Sea crude from \$13 a barrel at the end of 1978 to more than \$36 a barrel has brought much of that 4,000 million barrels to a point where commercial development would be possible. Such development would mean production at a level of net self-sufficiency well into the 1990s. But within the next 20 years production from those fields will decline.

The Government naturally wants to put off the evil day when output from the British Continental Shelf falls below the level of consumption for as



Energy Secretary, Mr. Howell: a new approach to North Sea oil as possible. Arguing that sufficiency is not in itself a particularly important aim, he said, however, it is a which the last three additions have aimed, and attraction of simplicity.

Left to itself the industry would build a new field next few years come in excess of Britain's demand. If this peak was out either by controls put of individual field delaying some development or by extending. Discussions are being held with the industry under way between the Government and companies. Mr David the Energy Secretary expected to announce to the House of Commons in the next few weeks a new approach will be adopted.

The Government authority to control production under legislation which is restricted by assurances given to the industry by Mr Eric Varley was Energy Secretary last week. The Government is now considering whether to extend the legislation, which would allow the Government to control production, to cover the period from then on industry suggest that controls implemented to restrict exports to less than the rest of the world. The industry would then be in a position to export more oil. Potentially curbing mean a loss in after-tax of £900 million in £800 million in 1983, reducing until 1986, would receive all that it would have done action been taken.

Politically and diplomatically there may be other reasons for the Government's reluctance to restrict oil supplies to the M. continues to be a frastrated. So far B. steadfastly refused to net exports for any from the Community won a refund from contributions, however periods, more free action.

The oil industry is the rate of exploration the estimated, 4,000 barrels in the North perhaps a further 5.0 elsewhere on the C Shelf is more important any depletion policy.

There may be at million barrels left roped in the North half as much again rent being exploited more than twice as costing considerably the oil price has r exploration and new duty wants ever mo to explore, the Govt concerned test the out of hand and the equipment rockets.

Any policy decision North Sea, now that part of reserves has covered, is bound to with caution. Which men, after all, was remembered during a shortage for having resources abroad too

Nichol

Bernard Levin

Mind: an urgent question of privilege

I do not think that the case of Mr William van Straubenzee, Conservative MP for Wokingham, can be left at the point to which his letter to *The Times* (published on June 2) brought it. His letter was in reply to my column of May 21. It is approximately 750 words long and contains not one reference—not one single word, direct or implied—to the subject of the article to which it is ostensibly an answer.

That subject, I must now remind readers, was Mr van Straubenzee's improper use of his absolute parliamentary privilege to defame Mr Tony Smythe (director of the National Association for Mental Health, known as Mind, and formerly secretary of the National Council for Civil Liberties), his failure in doing so to adduce any evidence to support his various charges against Mr Smythe, and his subsequent (and so far maintained) unwillingness to emerge from his sheltered position behind the protection of parliamentary privilege and repeat his allegations in a form, and place which would enable Mr Smythe and Mind (which was also defamed by Mr van Straubenzee) to take, if they were so inclined, legal action against him, in the course of which both the allegations and his conduct in making them could be publicly examined.

This theme, which was the sole subject of the column to which the MP was replying (I repeatedly made clear that I was in no position to judge, and therefore made no comment upon, the substance of Mr van Straubenzee's allegations)—Mr van Straubenzee's letter carefully ignores. Understandably, his behaviour, in using a parlia-

mentary device which is in itself a general scandal in a manner which was particularly scandalous, was indefensible, and he certainly knows that now, if, indeed, he didn't know it at the time he committed the offence. But that is what I mean by saying that matters cannot be left here.

For in the course of his letter, he describes and interprets what he did and said in a manner which seems well calculated to mislead a reader who does not remember in detail (and how many readers would or could or should?) what my charges against him actually were. Let us therefore, before going any further, re-examine some of the things he said, behind his parliamentary privilege, about Mr Smythe and Mind, and what he now claims to have said, writing as he is somewhere that does not afford him that protection. Mr van Straubenzee does not maintain that I misquoted or misrepresented him (which is just as well, because I didn't). In his letter he says "I went out of my way to make clear that I never supposed Mr Smythe supported the IRA" (which is just as well, because I didn't). In his letter he says "I went out of my way to make clear that I never supposed Mr Smythe supported the IRA" (which is just as well, because I didn't).

Did he indeed? This is what he said of Mr Smythe on this particular matter: (it arose because he was alleging that Mr Smythe's work at Mind was all of a piece with his tenure of office as NCCL). "I had no doubts whatever that all his interests lay on the side of the Irish Republican Army. He is now applying precisely the same agitation in the Mind organisation." He later repeated his allegation about Mr Smythe and the IRA, and added, "I stand by that assertion."

It is interesting that there is no reference at all in Mr van Straubenzee's letter of excuses, to his charges linking Mr Smythe to the IRA. The only thing he says on the subject is that "I went out of my way to make clear that I never supposed Mr Smythe supported the IRA" (which is just as well, because I didn't).

It is interesting that there is no reference at all in Mr van Straubenzee's letter of excuses, to his charges linking Mr Smythe to the IRA. The only thing he says on the subject is that "I went out of my way to make clear that I never supposed Mr Smythe supported the IRA" (which is just as well, because I didn't). The passage I have quoted ("... no doubts whatever that all his interests lay on the side of the IRA...") stand by that assertion. An allegation is made and then one asks the person to prove his innocence.

When he returned to the charge, again behind the protection of parliamentary privilege, he said plainly that Mr Smythe did not have concern. Referring to the "agitators" (clearly including Mr Smythe), he called upon the voluntary workers to

And those weasel words, remember, occurred only a few sentences after Mr van Straubenzee had said in the clearest

terms that Mr Smythe was a supporter, and a whole-hearted supporter, ("... all his interests...") of the IRA.

And now see how Mr van Straubenzee tries to wriggle out of his charge that Mr Smythe is a "full-time agitator" and that Mind is an organization which has "got into the hands of professional agitators." This is what he now says, in his letter to *The Times*, of Mr Smythe: "My charge is, and remains, that he allows his very proper concern for patients to obscure the concern he ought also to feel for those who care for them...."

But what he actually said about Mr Smythe made no mention of any "very proper concern." The charge was that, just as Mr Smythe's interests "lay on the side of the Irish Republican Army," so in his new capacity He is now applying precisely the same agitation in the Mind organisation. It pays, of course. An allegation is made and then one asks the person to prove his innocence.

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"very proper concern" to Mr Smythe, and see whether you find it altogether surprising that he makes defamatory allegations in the House of Commons, offers no evidence in their support and refuses either to repeat them outside or withdraw them.

Or, I may add, to meet Mr Smythe's face to face on a television programme: invited to discuss these matters with Mr Smythe on *Nationwide* last week, he declined.

I repeat, for about the ninth time; I am in no position to adjudicate upon the charges Mr van Straubenzee has made, or even to offer any comment on them, and I do not do so. My concern is with a different aspect of the matter, to wit, the use and abuse of parliamentary privilege by those who possess it. I think that Mr van Straubenzee has abused the privilege, and that if he will not now withdraw his charges in the place in which he made them, the House of Commons itself should take some action in the matter.

I had written this much, and thought I had finished with the subject for today, when there arrived on my desk a copy of a letter which, were it not for the fact that I am injured to the "insolence of office" I would be tempted to describe as incredible. The letter is from Mr van Straubenzee; it is written on House of Commons paper, and is addressed to a local and is addressed to a local official of Mind. The recipient had sent to a number of MPs a circular protesting about Mr van Straubenzee's behaviour in this matter, and one of them had passed it on to him. He tells the recipient that he has seen it, and continues thus:

In the first paragraph of this circular you talk of an exchange in the House of Commons and you quote words allegedly used by me in the House of Commons, doing so in inverted commas. You say that I have made accusations about Mr Smythe claiming that he is "sympathetic to the IRA." May I please ask you to give chapter and verse please for this quotation.

I feel sure you will understand that it is a very serious matter to send a circular to a large number of people purporting to give a quotation of words used in the House of Commons if that quotation is an inaccurate one. I propose to take no action until I receive an answer to this letter, but I know you will equally understand that an error of this kind could prove to be an expensive mistake.

Have you ever seen such almighty gall? Mr van Straubenzee, behind his parliamentary immunity, defames Mr Smythe by saying that "all his interests lay on the side of the IRA," and then, when a colleague of Mr Smythe's protests to other MPs, threatens him with legal action ("... a very serious matter... no action could be taken until I receive an answer...") on the imputed "mistake" that he was quoted as saying that Mr Smythe was "sympathetic to the IRA" instead of the absolutely synonymous words he did use. In the circumstances, any action by the House of Commons seems all the more urgent and necessary.

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LONDON DIARY

Some good ideas just go to pot

Michael Heseltine, the Environment Secretary, did not know what he was letting himself in for when, addressing a luncheon of Stoke-on-Trent industrialists recently, he invited them to assist in flushing out any examples of wasted government money or manpower.

His audience, the Council of British Ceramic Sanitaryware Manufacturers, who operate at the essential rather than the decorative end of the pottery trade, picked up the gauntlet at once and within days a letter was on its way to Heseltine from the council's director, Geoffrey Webb-Bowen.

What, Webb-Bowen wanted to know, was the Secretary of State proposing to do about the long-standing study into the ergonomic design of lavatory seats, which was funded by the Government's Property Services Agency to the tune of £16,000 at least five years ago, and has still not produced its final report?

The study has been conducted by the Institute of Consumer Ergonomics at Loughborough. Webb-Bowen made it

clear he said his fellow lavatory manufacturers thought the whole scheme an outstanding waste of time and effort. Little is known at least outside the closed world of lavatory research and development, about what the ergonomists have actually been doing, although there were revelations in the popular press when the study was launched that volunteers were being paid £3 a day.

Heseltine is taking the advice of his staff on how to reply to Stoke-on-Trent. A confidential memorandum from the office of Dr M. W. Holdgate, director-general of research at the Department of the Environment, advises: "Research on this kind of subject can quite obviously provoke hilarity in the press, but I am far from convinced that it is unjustified."

And it concludes: "I am inclined to advise the Secretary of State to respond somewhat robustly, but he will be bound to be sensitive to the possibility of ridicule."

I am told that the long-awaited final report will be published soon, but only for circulation in the building trade. Then perhaps we will know whether that £16,000 grant was just a flash in the pan.



I wonder if you recognize Mrs J. Kelly of Guildford in my left-hand picture today. You must cast your mind back nine years when, under her maiden name of Viennese Neves, she created a small footnote to publishing history by being the first nude to grace an advertisement in the pages of *The Times*, on March 17, 1971. Mrs Kelly, now a 32-year-old housewife and mother, emerged from retirement to autograph what seems to be the only surviving original proof copy of the page which she almost filled. The proof is to be auctioned next month in aid of the Cheyne Centre, a London day hospital which cares for 47 spastic children. You will probably have forgotten that the ad was placed by Fisons, who at that time made slimming biscuits. I have no idea whether biscuit sales improved, but the circulation of *The Times* did, if briefly. Nudity in our advertisement columns has not been repeated since. One breakfast-time shock every nine years is probably enough, and besides some of the cheaper newspapers have devoured the currency.



Video in blue

Sales of video films, the electronic version of the home movie which enables you to show your own repeats on television instead of the BBC's, have expanded to such an extent that they have acquired their own Top Twenty chart. The first survey, conducted by Gallup and published in the magazine *Music and Video*, demonstrates conclusively that Britain's video machine owners are not rushing to buy works of great cinematic art. About half of the top 20 are sex films.

Topping the chart are the Joan Collins sex epics *The Stud* and *The Bitch*, closely followed by two editions of the "adult magazine" *Electric Blue*. Others in the listing include such seducing features as *Playboy* talk and *Pleasure*, followed by a gory horror film, a kung-fu movie and an Elvis Presley show.

Family entertainment finally struggles in at number 11, where sits that blameless epic *The Sound of Music*. There is, however, one slight difficulty for bona fide dirty old men who attempt to buy the electronic pornography: some of the tapes being sold are not nearly as blue as the advertising suggests. To remedy this, the Association of Domestic Video Operators is

starting a ratings system so that would-be buyers can know in advance just what shade of indigo to expect on their screens.

I suggest the catalogues use a system of dirty raincoats instead of stars: one for a mild titillator, two for a fair shocker, and three for an offering likely to require the replacement of a burnt-out set.

Poor Aggie

Yet another episode has opened in the seemingly endless saga of the Royal Agricultural Hall, Islington, one of London's finer neglected buildings.

In its golden days the huge cast-iron and glass edifice of 1862, with its 150-foot roof span, housed Victorian spectacles from vast exhibitions to bicycle races, from diplomatic balls to the communal hymn-singing of Moody and Sankey. Then, after Crufts, circuses and early motor shows, came 20 years' blight as a Post Office parcels depot, followed by 12 years of desolation, the huge interior rusting and empty. It was acquired by Islington council in 1976, with no obvious role.

Yet still Aggie refused to die. Early in 1979 an ambitious American entrepreneur, Rom Doullon, proposed an imaginative transformation into



What you might call a fairly reliable source that the Vatican to short-term million-dollar insurance for the diocese of the Pope's recent France, some have had a hell of a time. It would then have been cost of bringing all nals to Rome for a select successor, St

form of Mount Yor-ties, one of last year's full bidder, with a an indoor, concert architects, Essex, Goo Suggitt, envisage shops similar to the Covent Garden market, but in this case all run by one su-chain, trees, a central mens square, and a s-lave. The Hall itself fully rehabilitated, its exterior and the old Gallery.

Plans are being put Islington Council. It provided the propoal from complex nes with Islington's own a market area in near field Street Aggie covered to her former two years' time.

Alan H2

كذا من الأصل



ME THOUGHTS FROM BRUSSELS

Mr. Roy Jenkins made a commitment in his speech to the Parliament Gallery yesterday, he indicated that he intended to form a new grouping when he returns to Brussels in the new year. What will be the result of this? Will this be the long list of causes? Or will it be the consequence of the British policies?

In the event, this must be seen as a commitment to the Government's economic policy. It is clearly seen to be a commitment to the Government's economic policy. It is clearly seen to be a commitment to the Government's economic policy. It is clearly seen to be a commitment to the Government's economic policy.

But to put it like this is to beg the critical question. Would a new centre party look credible? It could easily do so in terms of policies, especially if the Thatcher experiment looks in poor shape by the next election. There might then be much appeal in a party that wished to stabilize the mixed economy, to minimize conflict with the trade unions while refusing to extend the range of public ownership, to preserve the fabric of the welfare state while keeping reasonable control of public expenditure, and to maintain our commitment abroad. The country might then be both wary and wary of radicalism, whether of the right or left. Those would be fertile conditions for a party whose message was moderation.

US STILL DEADLOCKED

of its content and to impose their own interpretation.

Señor Perez de Cuellar, it seems, had hoped to break this deadlock by adding a paragraph to the opening statement making it clear that both parties would be able to state their views on its contents during the talks themselves. He apparently thought on Friday that he had won Mr. Denktas's acceptance of this. But on Saturday, when he had with difficulty secured the agreement of the Greek Cypriot president, he found that Mr. Denktas did not accept it after all, asserting that it amounted to a "de facto" reservation by the Greek Cypriots to the opening statement and accusing the Greek side of having "manoeuvred" to give the appearance of accepting Dr. Waldheim's proposals when it had not really done so.

nuclear armory

to Strachan

be that only fools rush to arms. But Sir Neil later to you today (May 9) is because the discussion of Britain's strategic position in the light of the USSR's Both Lord (16) and Lord Hill (13) are by implication concerned with the United States.

Mr. Norton stated in his speech that the United States must look to the The Polish replacement still be in service in a light to consider the world then. A capendent of NATO or the es will give us the mobility in our defence. Indirectly this attitude nuclear proliferation: it is able arrogance to assume one has the right to "elaborate" this way.

Specifically I am in argument that stresses or independence on the and on the other pushes the purchase of Trident. It is no more independent. We currently United States for test, for the missiles (less idols), for satellite intellig for submarine naviga-

Disappointment at 'sus' decision

From Mr. John Hunt, MP for Bramley, Ravenshoe (Conservative)

Sir, The Government's response to last night's (June 5) House of Commons debate on the Select Committee report on the "sus" law was both timid and disappointing.

Although the Home Secretary's speech was generally sympathetic, he appeared to have been unduly swayed by the views of the Commissioner of Police for the Metropolis, Sir David McNee, which, on this particular issue, were as misguided as they were precipitate.

But two further considerations should be taken into account before assuming that they are about to provide Mr. Jenkins with the support that would transform his prospects. The first is that even if they do break from the Labour Party it is by no means certain that they will rush into partnership with Mr. Jenkins. They concluded their statement with the declaration: "There are some of us who will not accept a choice between socialism and Europe. We will choose them both." The specific reference to socialism there was an indication that they see an alternative to joining a centre party with Mr. Jenkins if they do leave Labour.

US STILL DEADLOCKED

official statement that his efforts had been thwarted by Turkish Cypriot intransigence, or that that would be the final verdict of Dr. Waldheim when he reports back to the General Assembly. Dr. Waldheim and his officials have always avoided attaching blame to either side, taking the very sensible view that their progress lay in their retaining the confidence of both sides. The Greek Cypriots have found this studied impartiality frustrating, knowing as they do that their basic case has the backing of an overwhelming majority in the General Assembly. But recognizing the unwillingness of the Security Council to take any action against Turkey, they have lately had the sense to avoid trying to exploit their support in the General Assembly to secure procedural moves which would only provoke the Turks and give them a further pretext to refuse talks "under pressure". (For instance they did not press for the setting up of the ad hoc committee to which they were entitled when Dr. Waldheim had to report "lack of progress" at the beginning of April.)

Refusal of bail

From Mr. T. N. Guise

Sir, Mr. Rosen (letter, June 2) is right to point out the reason for the refusal of bail for persons remanded in custody to appeal against the refusal of bail by magistrates. This, however, is only half the picture. While criminal legal aid is not available for such an appeal, civil legal aid is. Application may be made to the Law Society for the grant of financial assistance to make this appeal. This is so, since the appeal is within the civil jurisdiction of the Queen's Bench Division of the High Court.

BBC music cuts

From the Manager of the West German Orchestral Union

Sir, German orchestras and musicians are deeply concerned and shocked at the decision of BBC to liquidate five of 11 orchestras and so to dismiss their 172 members. It seems unbelievable that BBC with a total number of 25,000 employees should not be able any more to keep just 300 musicians. The German broadcasting stations which together have about the same total number of employees as employers to 16 orchestras with 1,130 musicians. The cutting down of the BBC orchestras is a shame not only for BBC, but also for Great Britain and Europe. We appeal to the British public and all responsible personalities not to allow this breach of a great cultural tradition.

Steps towards economic recovery

From Mr. William Shepherd

Sir, The time has surely come for a new political and economic initiative. Whether the Government's policy is ultimately capable of succeeding or not, it is clearly unlikely to succeed in time to save it or to restore the fortunes of the country. Results can undoubtedly be obtained through business depression, bank holidays and unemployment; but social and political pressures are most likely to intervene before the goals have been achieved.

Gloom is so all-pervading as to tempt pessimism, but the facts are convincingly depressing. The contraction in our industrial base is dramatic; our unit labour costs are rising at a rate in relation to those of our competitors faster than they have ever done before; there is scarcely one major industry which has good forward prospects; our ability to innovate and invest is tragically curtailed and much of our capacity and design seems to be singularly incapable of being applied to home industrial relations have reached an almost all-time low; even invisible exports are suffering, albeit mainly technically; the output of North Sea gas is likely to decline sharply after 1983 and of North Sea oil after 1985; we have gone in a decade from being a viable low productivity relatively low wage economy to become a relatively high wage low productivity non-viable economy.

Many of the Government's actions and objectives are admirable, but the extreme concentration on monetarism, like the socialist concentration on public ownership, not only undermines the value of the other policies, but seems destined for long-term failure. It is folly to consider, secondly, that a classical remedy in a non-classical situation. Too many elements of the British economy are insulated from market pressures: national and local government services; the nationalized industries; the state trading corporations; agriculture; private companies with a high proportion of government support each year; private companies with quasi-monopoly positions (of which we have too many); a level of unemployment benefit not much below the levels of money wage; and trade union power which, ruthlessly used, can override all economic and social considerations, at least in the short and medium terms.

Public sector pay

From Mr. Charles Birney

Sir, I have had the pleasure of listening to Mr. Geoffrey Dray and therefore have come to appreciate the skill with which he presents his case; but it seems to me that in trying to suggest (June 4) that wages increases do not have a major effect on inflation, he is using his not inconsiderable negotiating powers to obscure the truth. Unless a rise in employee cost is accompanied by an increase in production there is bound to be a rise in the product price, which is inflation. In local government, a wage rise must be met either by a rate rise, a higher central Government subsidy, or lost jobs; if there are no countervailing changes in productivity, then jobs lost do not necessarily have to lead to a reduction in services.

Care and mental hospitals

From Dr. Joan Garai

Sir, As a former Medical Administrator of Brookwood Hospital, I would like to make some comment about the recent publicity and the findings of the committee of enquiry.

It is certainly facile to assume that the ill of Brookwood and other psychiatric and mental subnormality hospitals stem basically from interlocking wars between union and management.

To understand the problems one has to refer to the policies laid down by the DHSS in the 1960s. At this time of hope and full employment it was considered that large hospitals could be run down and most patients could be absorbed into the community. Although this was resisted to some extent, the influx of funds and change in the financial climate prevented its completion. The DHSS decided that it would be beneficial for the psychiatric and mental subnormality hospitals to be amalgamated into the general hospital groups. The logistics do not appear to have been worked out adequately. Quite apart from other considerations, these groups were geographically far removed from many of the psychiatric hospitals.

The Cyprus deadlock

From Mr. Chris Economides

Sir, Yesterday's (June 7) new failure by the United Nations Under-Secretary-General to get the "intercommunal" talks in Cyprus even restarted, obviously shows that they sometimes result in a mutually acceptable fair compromise settlement of the problem of Cyprus, are practically nil. For such talks are virtually a tug-of-war between the Turkish Cypriot leadership, physically supported by the Turkish army of occupation, on the one side, and the Cyprus Government, morally supported by the United Nations resolutions, on the other, in which neither side is for its own political and other reasons, de willing to give ground.

Measure for measure

From Canon Peter Hawker

Sir, As the assessors of income tax appear to have made so many errors (report, June 6) would it not be a good idea to allow us accountancy fees as a deductible expense, when we spot such errors?

Yours faithfully,
PETER HAWKER,
St Bonolph's Vicarage,
Lincoln.

LETTERS TO THE EDITOR

Civil servants and ministers

From Sir Antony Part

Sir, On June 7 you published an extract from a forthcoming book by Hugh Stephenson entitled *Thatcher's First Year*. This extract which concentrates on the Civil Service, features prominently a "deeply shocking" to every civil servant. Sir Geoffrey Howe's decision to hold a regular morning "prayer meeting" of the Treasury ministers without officials present. Mr Stephenson mentions as a precedent similar meetings initiated by Mr Peter Walker when the Department of Trade and Industry was created and says that, I, as Permanent Secretary at the time, "objected violently".

This is the exact opposite of the truth. It did not cross my mind to make any such objection. Meetings of ministers within a department on their own can serve at least two useful purposes: one is to ensure that all the ministers are "in the picture" and, so far as possible, of common mind on the political aspects of a department's work as it develops; the second is to play political tactics.

One of the most common (and often justified) complaints of junior ministers is that they do not get enough attention from their Secretaries of State. This technique of morning "prayer meetings" is one useful method of remedying that. Such meetings, together with other contacts, provide a useful political focus; and incidentally, they lead some ministers to doubt whether they need "special advisers" in addition to their junior ministers.

Meetings of the kind need do nothing to impair close and regular contacts between ministers and their civil servants. For example, Mr Walker and I met happily (his own description) every day; such relationships were, in my own experience, by no means limited to meetings of one political party.

Mr Stephenson's article contains several other misconceptions about the Civil Service. It will be easier and fairer to comment on these when they can be read in the context of his book as a whole. Yours faithfully,
ANTONY PART,
71 Elm Park Gardens, SW10.

Weighty deliberations

From Mr. V. W. McElroy

Sir, My standing order for Stationery Office publications has produced three separate versions of the Housing Bill. The original version, dated December 19, 1979, cost £3.50 and contained 164 pages; the second version (as amended by Standing Committee F) dated April 30, 1980, cost £4.50 and contained 188 pages; the latest version (being that brought to the House of Lords) dated May 23, 1980, cost £5 and contains 188 pages.

I calculate the increase in cost between the first and third versions as being a gross rise of 43 per cent and a net rise in cost per page of 25 per cent. The rise in the retail price index over this period was 9 per cent.

To date, this legislation has cost me £13 and has not yet reached the statute book. I pray their Lordships will not add greatly to its weight. Yours truly,
VERNON W. McELROY,
Kearney House,
74 Trumpington Street,
Cambridge,
June 5.

Parole for prisoners

From Mr. Gerhart Ellenbogen

Sir, The eminent sociologist, Professor Terence Morris (June 4) states: "That Mr Richardson should have made application for parole is not fewer than seven times and been refused on each occasion is outrageous enough." Why? If an application for anything is regarded as outrageous, can it matter how many times it is made? I am, etc.
GERHART ELLENBOGEN,
2 Gray's Inn Square, WC1.
June 4.

Maintaining standards

From Sir David B. Hill-Wood

Sir, For more years than I care to remember, I have driven through the Mall and watched the erection and demolition of large flagpoles set up to adorn any state occasion.

There seems to be an enormous amount of work in both operations and I have often wondered why they are not left in situ all the time, or at least during the summer months when the leaves of the trees hide them more effectively.

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COURT CIRCULAR

RÜCKINGHAM PALACE
June 9: The Queen, as Patroness, and The Duke of Edinburgh this evening attended a Reception to mark the 150th Anniversary of the Royal Geographical Society at Kensington Gore, SW7.

Her Majesty and His Royal Highness were received upon arrival by the Honorary President and the President (Lord Hunt). The Marchioness of Aberghaveny, Mr William Heseltine, and Lieutenant-Colonel Blair Stewart-Wilson were in attendance. The Duke of Edinburgh, attended by Lord Rupert Nevill, visited the "Parliament of Nations" Exhibition and was received by the Director of the Theatre (Sir Peter Hall).

CLARENCE HOUSE
June 9: Queen Elizabeth The Queen Mother this evening honoured the Captain (Lord Leitham) and Her Majesty's Body Guard of the Honourable Corps of Gentlemen-at-Arms with her presence at Dinner at St James's Palace.

The Lady Grimthorpe and Major Sir Ralph Anstruther, Bt, were in attendance.

KENSINGTON PALACE
June 9: The Princess Margaret, Countess of Snowdon this afternoon named a TriStar Aircraft of British Airways "The Princess Margaret" at Heathrow Airport, London.

The Lady Anne Tennant was in attendance.

KENSINGTON PALACE
June 9: Princess Alice Duchess of Gloucester, Countess of Athlone, and Mrs. John Knollys, this afternoon received Brigadier A. M. M. on assuming the appointment of Colonel in the Royal Regiment. In the evening Her Royal Highness was present at the Officers' Club Reception of the Regiment at the Army and Navy Club, London.

Miss Jean Maxwell-Scott was in attendance.

ST JAMES'S PALACE
June 9: The Duke of Kent, as Honorary President, today attended the celebration to mark the 150th Anniversary of the Royal Geographical Society at Kensington Gore, SW7.

Princess Alexandra will be present at the seventieth anniversary gala concert of the Royal Overseas League at the Royal Albert Hall, London, on July 15.

Birthdays today
Sir Duncan Anderson, 75; Mr Arthur Duncanson, 100; Mr Brinsford Ford, 72; Mr Graham Carlton Green, 44; Sir William G. Harris, 68; Mr Arthur Hawkins, 67; Mr Robert Maxwell, 57; Canon T. R. Milford, 85; Mr Laurence P. Scott, 71; Professor Walter Simon, 67; the Ven C. Wilton-Dyer, 67.

Christening
The infant daughter of the Hon Guy and Mrs Mansfield was christened Alice Georgina by the Bishop of Oxford, at St John's Church, Oxford, on Sunday.

The godparents are Mr Xavier Krell, Mr Christopher Russell, Miss Sarah Howard, Mrs Peter Hunt and Mrs Edward Martineau.

Law Report June 9 1980
Primodos actions to go ahead: no preliminary hearing on causation
Hymans and Williams v Schering Chemicals Ltd and Another. A decision was given by the Lord Justice of Appeal in the House of Lords, on June 9, 1980, in the case of Hymans and Williams v Schering Chemicals Ltd and Another. The decision was given by the Lord Justice of Appeal in the House of Lords, on June 9, 1980, in the case of Hymans and Williams v Schering Chemicals Ltd and Another.

The Master of the Rolls said that the actions arose from the fact that the children were born with congenital defects. The questions on the appeal were procedural—whether the actions should be tried together or not, whether or not an issue of causation should be tried at a preliminary issue. The background was important. The drug Primodos was likely to become a sedative to relieve tension. Primodos was first put on the market in this country in 1958 and that it was harmless; but in 1967 Dr Isobel Gal, on her reading of statistics on the children of 100 women who had taken the drug, was convinced that it was harmful to the foetus and that as there were no other children born with congenital defects, the drug should be withdrawn from the market immediately.

Forthcoming marriages

Mr R. J. F. Agg-Manning and Miss S. J. Cliff. The engagement is announced between Mr Agg-Manning and Miss Cliff, daughter of Mr and Mrs Paddy Cliff, of Nairobi, Kenya. The marriage will take place in August in Kenya.

Mr S. R. Ayre and Miss E. R. Smith. The engagement is announced between Mr Ayre and Miss Smith, daughter of Mr and Mrs Eric Smith, of Italian Villa, Hurlingham Road, London, SW6.

Mr J. T. B. Boardsworth and Miss S. M. L. Birch. The engagement is announced between Mr Boardsworth and Miss Birch, daughter of Mr and Mrs Eric Smith, of Italian Villa, Hurlingham Road, London, SW6.

Mr D. I. H. Harvey and Miss A. F. D. Morrell. The engagement is announced between Mr Harvey and Miss Morrell, daughter of Mr and Mrs John Harvey, of 10, Clarendon Road, London, N1.

Mr J. F. Knight and Miss P. M. Rogers. The engagement is announced between Mr Knight and Miss Rogers, daughter of Mr and Mrs John Knight, of 10, Clarendon Road, London, N1.

Mr J. L. McArthur and Miss E. J. Rance. The engagement is announced between Mr McArthur and Miss Rance, daughter of Mr and Mrs John McArthur, of 10, Clarendon Road, London, N1.

Mr S. Worthington and Miss J. E. Evans. The engagement is announced between Mr Worthington and Miss Evans, daughter of Mr and Mrs John Worthington, of 10, Clarendon Road, London, N1.

Marriages
Mr P. Balcombe and Miss E. M. Davis. The marriage took place yesterday at St Martin's Church, London, between Mr Balcombe and Miss Davis, daughter of Mr and Mrs John Balcombe, of 10, Clarendon Road, London, N1.

Mr J. P. Cripps and Miss M. B. Buzigette. The marriage took place yesterday at St Martin's Church, London, between Mr Cripps and Miss Buzigette, daughter of Mr and Mrs John Cripps, of 10, Clarendon Road, London, N1.

The bride was given in marriage by her father and was attended by Miss Merula Parsons, Miss Lucy Kinnison, Camilla and Horatia McEwen, Harriet Gilliam and Charles McEwen. Mr Nicholas Boyd was best man.

Memorial service

Sir Hugh Bondrad

A memorial service for Sir Hugh Bondrad was held in St Paul's Cathedral, London, on June 9, 1980. The service was attended by a large number of guests, including members of the Royal Family and the Government.

The service was presided over by the Archbishop of Canterbury. The Rev. Douglas Webster, canon-in-residence, officiated. The Rev. Richard Fawcett, successor to the late Sir Hugh Bondrad, gave the address.

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£400,000 appeal launched for wood craftsmen's school

By Our Education Correspondent
A £400,000 appeal for the John Makepeace School for Craftsmen in Wood was launched at the National Theatre in London yesterday by Dr Roy Strong, director of the Victoria and Albert Museum, Sir Hugh Casson, president of the Royal Academy, and Sir John Gielgud, director of the National Theatre.

The school, which opened in Parkham House, Dorset, in 1976, takes 10 students a year for a two-year course, which includes design and craftsmanship in wood. Fees, including full board, are £4,000 a year.

The £400,000 is needed to endow two means-tested scholarships and two teaching fellowships as well as to provide for visiting craftsmen in temporary residence and for the expenses of visiting lecturers. The appeal has the support of Mr Norman St John-Stevens, Minister responsible for the Arts, who was at yesterday's launching, and of the Duke of Edinburgh, who visited an exhibition of the work of John Makepeace and his students at the National Theatre.

The exhibition is open to the public in the foyers of the National Theatre. The appeal is being launched by the John Makepeace School for Craftsmen in Wood, which was founded by John Makepeace, a wood craftsman and designer.

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John Makepeace, founder of the school, is seen here in a portrait. He was a wood craftsman and designer who founded the John Makepeace School for Craftsmen in Wood.

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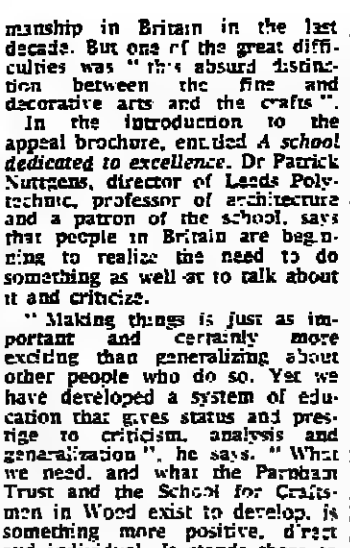
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Tennyson poem MS may fetch £100,000

By Geraldine Norman
Sale Room Correspondent
The most complete manuscript of the poem "Tennyson's Poem" is to be sold by Sotheby's on July 22. It is estimated that the sale, forecast in *The Times* diary on April 29, will fetch £100,000 to £150,000.

It is already being assumed in the book trade that it has little chance of being granted an export licence, were a foreign institution to attempt its purchase. The poem, which is a draft of the poem "Tennyson's Poem", is a manuscript of the poem "Tennyson's Poem".

The present Lord Tennyson negotiated in the 1860s the loan of a vast Tennyson archive to the public library in London. The archive, which is a manuscript of the poem "Tennyson's Poem", is a manuscript of the poem "Tennyson's Poem".

A Tennyson Research Centre was opened in 1964 in a domed room at the top of the building. The centre is a manuscript of the poem "Tennyson's Poem", is a manuscript of the poem "Tennyson's Poem".

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OBITUARY

MR R. M. FRY Early clinical trials of Prom

Dr R. M. Fry, the well-known bacteriologist, died on June 4. Rowdon Marrian Fry was born in 1896, the son of Joseph Fry. He was educated at Merchant Taylor's School from 1908-14, leaving to join the Middlesex Regiment in which he served until January 1918, when he was invalided out on account of his war injury. He immediately joined St Mary's Hospital as a medical student, qualifying in 1922.

He was appointed as a house surgeon to Mr Clayton-Green, who joined Professor E. H. Kettle in the Department of Pathology, working on salivary gland tumours for the following year.

Fry's career as a bacteriologist started in 1924 when he was appointed assistant to Sir Almroth Wright in the Inoculation Department of St Mary's, as it was then known. Wright never arrived in the laboratory before 3 pm nor left before 9 pm more or less expecting his poor assistant to stay helping him to the end.

Fry's invariable good temper, humour and tolerance must have stood him in good stead as a house surgeon to Mr Clayton-Green, who joined Professor E. H. Kettle in the Department of Pathology, working on salivary gland tumours for the following year.

Wright's lectures using the primitive lanterns and epidiascopes of those days. This was the only way to show slide cultures to large audiences, and he did this supremely well. In January 1931 he joined Leonard Colebrook, Dora Colebrook and Ronnie Harg as Assistant Director of the Bernard Baron Research Laboratories at the Queen Charlotte's Maternity Hospital Isolation Unit. It was here that he developed his life-long interest in the Streptococcus group of organisms which were the major cause of death from puerperal sepsis, and he had a lot to do with the first clinical trials in this country of the first antibiotic sulphonamide.

His life long astronomy. While at St Mary's in 1913 he became a member of the British Astronomical Association and was elected to the Royal Astronomical Society in 1938, and a member of the Royal Society in 1948. He was a keen astronomer and was a member of the Royal Society in 1948.

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THE TIMES

BUSINESS NEWS

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compressed air systems.
A force made to
serve you.

Central bankers give solid support to use of incomes policies for curbing inflation

From Peter Norman
Basle, June 9

The Bank for International Settlements today came out in favour of countries using incomes policies as well as restrictive monetary and fiscal policies to combat inflation.

In a passage that could be applied to Britain, the BIS gave warning in its annual report that "in those countries where inflation has become a way of life, exclusive reliance on monetary policy may well lead to a decline in real output before it has a lasting effect on the rate of price increase."

It argued that an incomes policy could prove helpful as a way of producing a consensus to minimize the deflationary impact of monetary policy on output and employment.

Although the BIS has a strong monetarist tradition, scepticism pervades its observations on the policies adopted by Mrs Thatcher's government.

Referring to the public sector borrowing requirement this year at a time when output is expected to drop by 2.5 per cent, the bank commented that "it is probably no exaggeration to say that economic and policy makers have for once been observing the possibility of an experiment akin to those already available in the natural sciences."

Looking at the world economy in general, the BIS believed that the past year was less gloomy than might be suggested by a simple analogy between the first and second oil crises, but that "clouds seem to be gathering on the horizon to darken the outlook for next year onwards."

On reaching the Opec surplus of \$1.5 billion, the president of the BIS, today expressed a surprising degree of optimism at the bank's annual meeting.

He believed that the international banking system and official channels would be able to handle the recycling so long as in future years there is a

gradual decline in the overall surplus of the oil producing nations from the \$100,000m (\$43,000m) to \$120,000m expected for this year.

The bank's annual report said that there must be an "unqualified commitment" on the part of western countries to combating inflation. The BIS thought that the chances of bursting the inflationary bubble could be rated reasonably high, provided restrictive policies were effectively pursued.

But it gave warning that to be credible, policymakers must aim at bringing inflation in their respective countries below the rate that was considered to be the "underlying" level before the oil price explosion of 1973 and this year.

The report cautioned that such an approach forebodes "an extended period of painfully slow growth for the western industrial world" which could involve high and possibly rising unemployment.

The report declared that in the longer term, the west had no alternative but to pay the social and human costs of a rigorous counter-inflation policy. It argued that in the long run a higher rate of inflation would not ensure a high rate of growth.

Instead, the western industrial world would find itself "stagnant" but with even more inflation, less growth and wider external imbalances than after the first oil shock of 1973/4.

However, the bank's annual report was not wholly gloomy about the world's economic outlook.

The BIS singled out a number of positive factors. It argued that there was less danger today than in 1973-74 of a generalised upwards spiralling of prices and wages. It welcomed the fact that over the past year policies had been directed towards combating inflation.

It noted that current account balance of payments deficits were more evenly balanced than in 1974 with the low inflation economies of Japan and West Germany running the biggest

deficits while the external position of the high inflation countries remained relatively strong.

On the other hand the acceleration of inflation in the United States over the past three years meant that policies designed to bring price rises down would have to be more determined and longer lasting than in many other countries, leading to "painful adjustments" in the United States and the rest of the world.

The BIS added there was a danger that countries would pursue policies of revaluing their currencies competitively in an attempt to combat inflation, and that this could provoke a synchronized and deep downturn in the world economy.

There was far less scope today than in 1974 for counter-deflationary fiscal policy, should governments decide to turn to such a policy in the event of a deep recession.

The BIS appealed to governments to base their policies on an assessment of current realities taken with what appear to be more permanent features of the world economy rather than on reactions to every twist and turn in short term developments.

It warned governments against putting too much faith in international fine tuning, pointing out that part of last year's inflationary push had come from a "supply failure" demand in the United States to slacken off in line with forecasts.

But the oil rises of last year contained more important lessons for the west. The bank said that oil saving was of cardinal importance for the world economy—either through energy conservation or the substitution of other sources of energy for oil.

Saving and developing new sources of energy could stimulate investment, thus offsetting the inevitable negative impact of slower economic growth on traditional investment designed to expand capacity.

Financial Editor, page 19
Soothsayers in conflict, page 19

Unemployed toll grows in more troubled sectors of British industry Sales slump hits 700 Cadbury jobs

By Clifford Webb
and Derek Harris

Cadbury Schweppes is to make up to 700 workers redundant at its Bournville plant near Birmingham after a slump in confectionery sales that began last year and shows no signs of recovering.

A further 2,600 workers at the company's Somerset factory (Fry's), near Bristol, are going on short-time working. Cadbury Schweppes said last night: "We had hoped that the VAT-induced fall in demand would have given way to an increase in sales as people became accustomed to higher prices. This has not happened and as a result we are having to reduce production and slim our labour force."

Discussions are taking place with the unions. Almost all those affected at Bournville will be part-time women employees. We hope to shed something approaching 700 jobs by mid-August."

Th Cocoa, Chocolate and Confectionery Alliance, which represents all the major manufacturers, said: "The near doubling of VAT last year caused a sharp reaction and fall in sales of confectionery, which has continued. Sales in the first four months of this year are 11.8 per cent down on the same period last year. As a result a number of firms are experiencing difficulties."

The alliance spokesman admitted that, although cocoa prices had fallen substantially, this had not been reflected in retail prices. Companies bought forward for up to a year and high prices paid for cocoa last

year had still to be shown in retail prices. Rowntree Mackintosh, Cadbury's big rival, said that since the beginning of the year about half of its 14,000 employees in Britain had been affected by short-time working, although only 800 were on short-time at two factories at present. Some 55 redundancies had been completed a month ago.

Redundancies were also announced yesterday in another troubled sector of British industry. Ward White Group, Britain's second largest footwear manufacturer, is to close six factories with the loss of 600 jobs because of declining domestic sales, reduced exports and increased competition from imported footwear.

This brings cutbacks in the industry to 2,000 jobs this year. The British Footwear Manufacturers' Federation and the National Union of Footwear, Leather and Allied Trades fear that the redundancy toll will mount in the next few months. About a sixth of the industry's 60,000 shop-floor workers are on short-time working, according to the union.

The Ward White closures are largely in Northamptonshire, but a plant in Ammanford, South Wales, is also involved. Production of men's leather footwear, which has suffered worst, is to be concentrated in three expanded units in Northamptonshire.

A jute spinning mill and other weaving operations are being closed by Scott & Robertson, the Dundee-based textile manufacturer, with the loss of 270 jobs. The company blames a slump in sales of floor covering.

still available he hoped that "assuming no disasters" the port would end 1980 "with a stronger prospect for the future."

Mersey Docks change. Sir Arthur Peterson is to retire as chairman of the Mersey Docks Company this week. He is to take over as chairman of the National Ports Council from Sir John Page, who replaces him as chairman of Mersey Docks.

Sir Arthur, who is a former permanent secretary at the Home Office, is to wind up the Council, which he said yesterday he expected would take about two years.

900,000 tonnes to 48.6m and a loss of £11.1m bringing the accumulated deficit to £17.9m. He said 1980 had started badly with a two-week strike, a further dip in traffic and progress on improved working practices less good than the board had hoped.

But with a major severance effort after the decision to close India and Millwall Docks and a lot of work going on with the unions over productivity, he hoped to end this year with a "substantially reduced deficit". The authority's finances were "still on a knife-edge" but with £7m of Government-backed cash

Minister's assertion to Parliament last December that there was "no justification for a write-down in present circumstances".

The authority's debts now total £101m, including £62m owed to the Government and the interest burden of around £11m is rising. Mr Page says in his first report as chairman since taking over from Sir John Cockney that reconstruction was "essential to our long-term survival and we shall continue to fight for it."

He reported "another bad year" for the authority last year with traffic down, by

Port of London to make 1,700 redundant

By Michael Baily
Transport Correspondent

The Port of London Authority expects to reduce its workforce by 1,700 men from 8,500 to 6,800 this year. Mr Victor Paige, the authority's chairman, disclosed yesterday. The cut, which could be the last of large-scale redundancies in the port, should improve finances by between £10m and £12m.

The authority will, however, still be pressing the Government for a financial reconstruction despite Mr Norman Fowler, the Transport

Minister's assertion to Parliament last December that there was "no justification for a write-down in present circumstances".

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Ten candidates chase NEB's Ferranti stake

By Andrew Goodrich-Clarke
Financial Editor

At least 10 potential bidders have shown interest in acquiring the National Enterprise Board's 50 per cent stake in Ferranti, the strategic electronics group.

The NEB is considering these and talking to the various companies or consortia who have expressed their written interest. But the state investment company will not decide on how it will dispose of its Ferranti stake—something it, has now undertaken to do—until later this month and will certainly delay any announcement until after Ferranti's 1979-80 results are published on June 24.

Meanwhile, within Ferranti there is fierce opposition from top and middle management, supported by the two Ferranti brothers, Mr Sebastian de Ferranti, the company's chairman, and Mr Basil de Ferranti, who represents family interests controlling a further 20 per cent of the group's equity, to any suggestion of the company losing its independence.

It has become clear that the company's management and the family would prefer a formula by which the NEB would place 30 per cent of its equity with institutional investors. The NEB would withdraw a 20 per cent stake from the market, effectively ensuring that Ferranti remained bid-proof.

NEB control of Ferranti dates back to the near-collapse of the company in 1975. Its subsequent recovery led to its reintroduction in the stock market in 1978 and a second issue of shares by the NEB to existing holders of restricted voting stock.

The outcome is the present shareholder profile with small shareholders and institutional investors in other shareholders—including Charles Consolidated, the mining finance house, with around a 5 per cent stake—accounting for the 30 per cent of the equity not held by the NEB and the family.

However, the NEB, which in any disposal is directed to have regard to the best interests of the taxpayer and the company, does not at present seem inclined to go along with the wishes of the Ferranti management and family, possibly because of political pressure on it to dispose of saleable assets.

The NEB, advised on this occasion by Rothschilds, is concentrating on finding a suitable buyer for its 50 per cent stake from among those who expressed interest. Their identities are being kept confidential, although it is widely assumed that concerns like General Electric Company and STC (the London-based subsidiary of International Telephones and Telegraphs) have at least expressed an interest in making to the NEB.

Bill Johnston writes: The Scottish Office has strongly denied that it is pressing to secure a buyer for the NEB's stake in Ferranti. A spokesman said the Scottish Office was naturally concerned that Ferranti should continue to flourish. It is not correct that the Scottish Office has taken the initiative to secure bids from Scottish institutions.

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Iran call for cut in oil production could jeopardize Opec price deal

From Nicholas Hirst
Algiers, June 9

Iran is pressing members of the Organisation of Petroleum Exporting Countries meeting here to cut production by further two million barrels a day. The demand adds another possible area for disagreement to the tough talking still to come on prices.

A cut in output would prevent a glut of supplies developing and keep the price of crude high. It could force international companies, such as Shell and British Petroleum, to seek new contracts. These companies have refused to take Iranian oil at \$5 dollars a barrel.

But Opec traditionally has been reluctant to discuss production at its meetings except in the context of a long term system of automatic pricing which would protect values.

Iran is in difficulties. According to Mr Ali Akbar Moineai, Iran's oil minister, production is now down to two million barrels a day, only a third of the output achieved under the Shah and exports are a mere 800,000 barrels a day. This is insufficient for the needs of the Iranian economy and the intention is to increase production by around 700,000 barrels a day starting next month. But unless a shortage develops on the market, or the Iranian price is allowed to fall, it is difficult to see who would buy it.

Mr Moineai wants Saudi Arabia to cut its output from 9.5 million barrels a day to 7.8 million.

Iran sees production as being prices. But other ministers, including Sheikh Ali Khalifa al-Sabah, Kuwait's influential oil minister, believes that production levels are for individual nations to decide.

To end the confusion which has characterized oil markets for a year as Opec members have charged by their list, some ministers are prepared to settle for a basic price of \$32.

Iraq and Venezuela would agree to this, but there is doubt over the North African producers and over the willingness of countries such as Kuwait to end export surcharges. Saudi Arabia might agree to a \$32 price, which would mean it increasing its own crude by \$4, but in return it would want firm assurances that the "marker" price would be rigidly enforced.

There has been no indication that Sheikh Ahmed Zaki Yamani of Saudi Arabia, the most important man at the Opec meeting, has changed his pessimism that the talks will end in disaster, again damaging the unity of Opec and its standing as an organization prepared to deal fairly with the West.

Oil stocks are at record levels and spot market prices are stagnant. If Opec prices fall, demand in the West would risk leading to another dangerous spiral in the future.

Oil future, page 18
Funds plan, page 19

On a conservative estimate, "the extent of the immediate shortfall is at least 25,000 people."

In the programming and analysis occupations there is a national shortfall of more than 16,000, or about 15 per cent. The computer supply sector, in common with much of the electronics industry, suffers shortages of key engineers, both professional and technician, of about six per cent.

The problem has three dimensions, the report says. First, a marked shortage of computing skills, mainly in the computer using sector; secondly, serious shortages of skills in engineering and systems and software, mainly in the suppliers of computers and computing services, and thirdly, limitations in software technology, where—in sharp contrast to micro hardware technology—evolution has been slow and contained.

The first of these problems is capable of being overcome well before 1985, the report says, if appropriate measures are taken now to deal with the initial training bottleneck. But a failure to implement these measures will slow down the adoption of new technology and so further weaken Britain's efficiency and competitiveness.

The second problem, the report admits, "is unlikely to be fully resolved in this century."

"It is already too late, and, as Finniston implies, the problem is so great that it is impossible to over-react."

The manpower subcommittee recommends that there should be a more effective national focus of responsibility for training in computer skills, perhaps involving an extension of the existing role of the Engineering Industry Training Board.

"Computer Manpower in the 1980s", published by the Electronics Computers Sector Working Party, Manpower Sub-Committee, price £10, £10.75 postage paid from HMSO.

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PRICE CHANGES

10p to 29p	10p to 40p
14p to 34p	10p to 27p
1p to 11p	13p to 54p
29p to 33p	8p to 50p
26p to 82p	

Bank	Bank
buys	buys
2.10	2.42
30.30	28.15
69.75	66.25
2.73	2.55
13.27	12.72
8.50	8.50
9.50	9.50
4.31	4.49
102.00	97.00
11.75	11.30
1.14	1.10
2000.00	1905.00
537.00	512.00
4.73	4.50

Bank	Bank
buys	buys
2.10	2.42
30.30	28.15
69.75	66.25
2.73	2.55
13.27	12.72
8.50	8.50
9.50	9.50
4.31	4.49
102.00	97.00
11.75	11.30
1.14	1.10
2000.00	1905.00
537.00	512.00
4.73	4.50

Switzerland	Fr	4.00	3.78
U.S.A	\$	2.40	2.34
Argosila	Dur	65.50	60.50

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BY THE FINANCIAL EDITOR

Travelling more hopefully

It is still some boulders along the road in wage settlements being the biggest—before the authorities altogether relaxed about allowing wages to fall. But at least some of the indicators are no longer so gloomy for manoeuvre quite so they did in the first quarter of

the year's wholesale price figures, a 1.2 per cent rise that translates 11 from 19 to 184 per cent on a basis, was just within the market's range and appears to be a relief that the pace of wholesale prices is moderating.

April the strength of sterling and commodity prices has played its part in beginning to look as though it is at last putting a brake on the rising prices and passing on increases.

At the Opec meeting could still put in the works but on present signs the slowdown in wholesale prices would become more marked in the future, although the past fortnight has now concerned the foreign market has become with capital ch any move on domestic interest rates.

On retail prices this Friday is less encouraging with electricity prices being reflected in the index not to be until July when last year's work themselves through that as start to show a better trend.

Yesterday's NEDO forecasts construction industry suggesting a 5 drop in the volume of work in 1980 year's 2 per cent decline underline deep the recession is going to be parts of British industry with even as starting to slip judging by figures.

At markets will be watching anding figures especially closely money supply pointers but with no gifts making a strong start to markets are travelling more hope for some weeks past.

An annual report from the Bank for International Settlements makes fascinating. Although the BIS is far less about the OPEC money surplus have been recently, it is becoming that new ways will soon have to be cope with the financial imbalance strains the oil price boom has

have been at the centre of the re-fund process but now they may difficulties in fulfilling this role. EC surplus will not go away as time as it did in 1974. The BIS that this time round three quarters' surplus in 1979 went to the bank—deposits as 55 per cent in 1974.

But rightly points out that it is the industrialised countries major problems in financing their. It is, however, far less clear that the BIS says, has now in one third to one half of their 'badness. This raises problems for

that on prudential ground alone, going to be less willing to lend to developing countries. Then with industrialised countries facing oil dilemmas banks are likely to look upon less risky borrowers. But leaving aside, banks will increasingly have their capital base as a measure of doing ability.

"the future, as the report says, we ed 'imaginative responses' to funds from surplus to deficit. One problem, though, no one even this stage is whether and how long industrialised countries be content to part a money recycling process where are more or less real assets in or their very real oil.

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iciency
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no disappointing years, Associated Foods is beginning to see some of its heavy capital spending. up profits before depreciation were higher and after only a 7 per cent interest charges to £13.4m—kept strong cash flow although year-end

debt was up—the pre-tax surplus increased by a quarter to £98.7m.

Most parts of the group have performed well. Manufacturing operations in the United Kingdom have benefited from a strike-free year and the turnaround from £2m losses to several millions profit in baking. Elsewhere in the United Kingdom Fine Fare has been boosting market share and food retailing profits were two-fifths higher at £15.8m with profit margins showing an improvement.

Overseas operations have had to contend with currency losses on translation into



Mr Garry Weston, chairman of Associated British Foods.

sterling costing £1.4m and a small increase in Australian dollar profits became a 10 per cent fall in sterling.

But Premier Milling in South Africa has made up for this and accounts for most of the £4.8m rise in the overseas contribution to £48.8m.

The South Africa involvement, however, which accounts for about one seventh of after tax earnings will not help the share price and despite a 29 per cent rise in the second interim dividend, the shares only yield 5.1 per cent at 96p which compares unfavourably with others in the sector.

So, although 1980-81 profits could run out around £110m to give a prospective p/e ratio of 8 fully-taxed, ABF's shares look fairly valued now after their strong performance over the last twelve months.

Gold On the move again

Gold is on the move again. Over the last week it has risen about \$100 to yesterday's closing price of \$626 an ounce. But, although dealers report sustained and general buying, it is not easy to separate the local factors from the fundamentals. A general explanation is simply that confidence has returned to the market. After three months in which the price looked as though it could slip back to \$450 or even \$400, it became evident that the \$500 to \$530 trading range was well supported. A "floor" encouraged more buying.

Of more immediate impact are falling interest rates, particularly in the United States. Inflation fears are less obvious in their effect because, on one hand, slower inflation is bearish for gold, while on the other rates are still high and will probably continue to be.

Equally enigmatic is oil and related political tensions in the Middle East. Opec's Middle East members will certainly enjoy huge surpluses this year, perhaps as much as \$120,000m, but no noticeable Arab buying of gold is reported by dealers.

Just to add to the confusion, the fundamentals are no clearer. South African sources believe that the Russians have sold only about 20 tonnes of gold so far this year, compared with 220 tonnes in 1979. This, combined with the cessation of IMF and United States Treasury sales, could mean that supply will be only about 1,200 tonnes, or 30 per cent less than last year.

Gold shares are reflecting these uncertainties. At a \$600 price for physical gold, the high quality stocks yield around 23 per cent. Investors who want to recover their money from South Africa in five years, or even less, will be satisfied. The essentials of their investment are not much altered by gold's fresh strengthening.

Instead, attention could shift back to the margins, and to Australian and Canadian producers, especially if further signs of unrest in South Africa leave investors feeling that the political risk is insufficiently discounted.

to domestic flights—with one exception. This is China Airlines, the Taiwan carrier, which has had some bad news and some good news from Japan's civil aviation bureau. The bad news is that the airline cannot join all the other boys at the plush new airport because that would upset mainland China's CAAC.

The good news? Haneda is so much easier to get to than Narita that now China Airlines has never had it so good. I did say with one exception, but in fact there are two. As is Salisbury, so in Tokyo it's election time — but not only that, it is also only a fortnight to the opening of the Venice summit.

Masayoshi Ohira, the Japanese Prime Minister, is scheduled to attend the summit, although illness could yet prevent him from going. If he does go to Venice, he will, for security reasons, fly out not from Narita but from Haneda.

The general election and the opening day of the summit are one and the same. Sunday, June 22 (none of your Thursday election nonsense for the Japanese). For Ohira, not at all a foreboding prospect, this clash in his diary poses problems.

He leaves Venice the next day—the day counting of the votes begins. He could board his plane in Italy a Prime Minister and alight at Haneda an opposition MP.

The trouble is that if not the last then he may be not the first to know just how good or how bad the returns.

Hugh Stephenson

Towards a multi-currency reserve system

The dollar is again under pressure. As we approach the successive EEC and international economic summits at Venice, minds will once more focus on the question of the direction in which the international monetary system is (and perhaps even should be) moving. The evidence is that, under the pressure of events, those in high places are beginning to accept as probably desirable (and certainly inevitable) an outcome that until a matter of months ago was widely regarded as the worst of all possible worlds.

The international monetary system is moving steadily, though very slowly, onto a multi-currency reserve basis. For years those responsible for central banking have done all that they could to resist this development. The traditional history of the international monetary system heavily stresses the fact that dual and triple based systems are inherently unstable.

The conventional version dwells on the stability provided by the pre-1914 gold standard; during the period when the system was sterling based; and by the two golden decades after 1944, when the world basked in the beneficial sunlight of the dollar-based post-Bretton

Woods world of expansion and surety. On the other side of the balance sheet the conventional version stresses the extraordinary instability of the inter-war period when the system as a whole was shifting uneasily through its period of being based simultaneously both on the pound and the dollar.

The lesson of this version of events is explained in large measure by the frantic efforts of successive American administrations, both to prevent a return to a system where gold played any important part at the centre of international monetary politics, and equally to ensure that, if the dollar was to be replaced as the accounting numeraire of the system, it should give way to a single new unit, namely the International Monetary Fund's special drawing right (SDR).

Both these aspects of American international monetary policy have been consistent failures. The SDR has not gained the general and easy acceptance that most of the international reformers of the 1960s had expected. The recent attempts to re-launch the SDR as a simpler and more acceptable concept seem unlikely to bring about any fundamental change in attitudes.

Meanwhile, gold continues to occupy

a high and unchallenged position in the spectrum of portfolio preferences of virtually all international monetary institutions.

Over the past five years or so it has equally become clear that projects for coordinated and logical reform of the international monetary system are doomed. In large part this is the fault of the United States.

One side of American policy recognizes the need for reform of the position of the dollar in the system. The other either rejects any diminution of the dollar's role as a national asset; or thinks that a policy of benign neglect of the dollar hurts others more than it hurts the United States.

The failure of the recent proposals to establish some kind of a "substitution account" into which, at least on a limited basis, official holders of dollar could switch their holdings marked a temporary end to the search for commonly agreed reforms.

The long and abortive negotiations demonstrated that the weaknesses of American leadership, combined with almost equal measure with the unwillingness of the European powers to agree a joint policy on almost anything,

make the prospects of advance along this road bleak indeed.

Instead, what we are almost certainly going to get is an increasing *de facto* shift to a multi-currency reserve system. Such a system will for the rest of this decade—and beyond—certainly be dominated by the dollar. Both as a reserve currency and as the medium for trade and other current account transactions, the dollar is certain to remain more important than all other currencies combined.

The accident that, for the short-term at least, the Germans and Japanese are in current account deficit and in need of a surplus on capital account means that they are prepared, on an experimental basis, to offer Opec countries their national currency bonds, which are thus becoming part of the international reserve system.

The requirement is that the system should move gradually to a position where the advantages/burdens of being a reserve currency for the rest of the world can be spread more nearly in proportion to the size of the relative economies standing behind each currency. In the current centrifugal state of the world, such *ad hoc* advances are very much the best that we can hope for.

Conflicting economic views from the soothsayers

Base

The world economy has been subjected to detailed examination by two very different bodies over the past week.

In Paris, the economics and foreign ministers of the 24-nation Organization for Economic Cooperation and Development (OECD) spent two days last week peering warily into the future, while the Bank for International Settlements in Basle has just made its contribution to economic crystal-gazing with the publication of its annual report.

It is fair to assume that both these bodies based their analyses on the same data. But once the inevitable "ifs and buts" are weeded out, there appears to be a significant difference in the way the OECD and the BIS feel the world economy is about to develop.

The OECD ministers, taking their cue from the secretariat of the Paris-based organization, seem to believe that the recession that is now hitting the western world will be relatively short and shallow. Their communiqué, issued last Wednesday, was remarkable in that it urged countries to start thinking of easing restraints on demand once they felt the present surge in inflation had been brought under control.

Although Mr Ivar Norgaard, the Danish Economics Minister who chaired the meeting, and Mr Emile Van Lennep, the secretary general of the OECD, agreed that it was too early for even the low inflation economies to contemplate such a move, the mere fact that such a possible policy was written into the communiqué indicates the way in which the assembled ministers were thinking.

Contrasts

Move from Paris one week to Basle the next and the perception of the way the world economy is developing appears quite different.

The Bank for International Settlements does not take a wholly negative view of developments, but its prescription for salvation of the world economy is liberally qualified with warnings. The BIS's report speaks of the need for "an extended period of painfully slow growth for the western world".

While the OECD ministers glibly agreed that unemployment is sure to rise in the 24 member countries over the next 12 months, the BIS asked whether western societies could bear the strain in social and human terms of a radical attack on inflation and policies to contain the oil surplus. The bank's sombre conclusion was that they had no choice.

If the OECD ministers appeared to be fiddling while Rome burned, the economists

at the BIS and their attendant cohorts of central bankers from the Group of 10 and Switzerland seemed to be booking themselves front row seats in the Colosseum to watch the spectacle.

The differences between the two sides could be put down to variations in emphasis and semantics. But the OECD ministers left the impression that many governments of the West are not wholly serious when they speak of the need to eradicate "underlying" rates of inflation as a pre-condition for a new period of non-inflationary growth.

Recession

American government officials in Paris last week were warning that the anti-inflation policies in the West could drive the industrialized world into a major recession—a sign that with an election looming the United States administration might be thinking of going back on its anti-inflationary commitment.

Some of Europe's central bankers are undoubtedly worried at the way in which the United States Federal Reserve Board appears to have diluted its stand against inflation arguing that it is difficult to explain the sharp drop in American interest rates over the past two months solely in terms of falling credit demand.

So far, the tendency has been to give Mr Paul Volcker, the chairman of the United States Federal Reserve Board, the benefit of the doubt and see how the inflation rate develops over the next few months.

But, if the United States fails to master inflation one need go no further than the opening pages of this year's Dutch national bank report for a verdict of what went wrong.

There, the Dutch national bank president, Dr Jelle Zijlstra, who is also president of the Bank for International Settlements, commented that the West's failure to take measures to bring about economic and financial recovery, has not been caused by lack of insight or insufficient policy instruments.

"In contrast to the inadequate policy pursued in the 1930s when fragmentary analysis and insufficient control prevented many countries from making an effective recovery, there is no lack of insight or instruments, now," he argued.

"It is the political will, or the political possibilities or both, which seem to be lacking. As a consequence, our generation will have to contend with more severe criticism than those responsible in the 1930s, whom we are wont to criticize, often deservedly."

Peter Norman

How the oil surpluses could help us all

As the Opec ministers meet in Algiers, John Grieve Smith suggests a radical plan for oil funds

date, if they wanted to do so; but the basic concept is that the deposits would be long term and that Opec would regard such stability as a *quid pro quo* for having their real value guaranteed in terms of industrial goods. If inflation died down, the favourable nature of the deposits could be preserved by paying some interest, as well as indexing.

Such an arrangement could be of immense mutual benefit to both Opec and the industrialized world in putting their long term inter-dependence on a contractual footing. By guaranteeing the Opec countries the future purchasing power of their present oil sales, we should increase the chance of their maintaining oil production at the levels needed to support an expanding level of activity in the industrial countries and the world economy.

To cater for the needs of the non-oil developing countries, the World Investment Fund would lend part of its Opec deposits to these countries for development. The precise terms on which the WIF lent to the developing countries would not be fundamental to the scheme

(no interest would be paid on the corresponding deposits).

Such loans would not, however, in the main be indexed; as the erosion of the real value of these debts by inflation probably represents a beneficial adjustment between the richer, and poorer countries in the long run.

The distinctive feature of the scheme would be that the industrialized countries would continue to guarantee the Opec deposits against inflation, whether or not they had been re-lent to the developing countries.

The WIF would then have its assets partly in the form of loans to developing countries, and partly in the currency of the industrialized countries, but the latter would be increased each year to offset the effect of inflation on the whole of the fund's assets. In other words each industrialized country would have to increase its payment to the fund in proportion to the cumulative value of its deficits within Opec irrespective of whether the currency had been re-lent.

This amounts to an undertaking that where the industrialized countries do not pay for their oil immediately in terms of goods and services, they would undertake to pay as much in real terms at a later date—which for economies totally dependent on oil seems a fair enough bargain.

In return for having the real value of their assets guaranteed in this way, the oil producers might be expected to give an undertaking to maintain a reasonable level of oil production, combined with a moderate and gradual increase in prices.

The industrialized countries would also gain from the fact that the funds representing their growing deficits with Opec, or at least part of them, would be immobilised in WIF deposits and not hanging over their financial markets. In addition to the extent that the deposits were re-lent to the developing countries, they would be used to import more goods from the industrialized countries. This would be a major expansionary factor in present conditions of under-utilization of capacity throughout most of North America and Western Europe.

THE LAIRD GROUP LIMITED

Points made by the Chairman, Sir Ian Morrow, at the Annual General Meeting on 9th June 1980

1. In 1979 Group profits outside steel rose from £9 million to just under £13 million before tax.
2. Group stockholders' funds should recover in 1980 from the setback in 1979 which followed from the decision to close The Patent Shaft Steel Works.
3. The compensation of £3.75 million for the nationalisation of Scottish Aviation represents a surplus of £1.8 million over book value.
4. The cash position is strong and the Group is actively seeking to broaden its base and develop its existing activities.

At the Meeting the recommended final dividend for 1979 of 1.7p per Ordinary Stock Unit was approved, making a total dividend for 1979 of 3.4p (1978 2.71p). The final dividend will be paid on 16th June 1980.

Ross Davies

Business Diary: Flying into a paddy

the Great White Bird out of the sky Business Diary it was British Airways Flight Salisbury, Southern, and on the eve of the landslide.

me it was on a regular Lines flight into airport, Tokyo, and at did not feel much different.

Rhodesian flights, there eculation, not least e, that some cabinet e-waiting might while ir time by post-shoring e either as, or just after med.

the captain of Jal 442 t ground conditions at ere cloudy but warm, I a vain for him to move meteorological to polit- siderations, given that the place at which d all those riots and barges. I had read re- "students" (presum- applied violence), who on up the cause of ex- ced farmers, still infest ort's heavily-electrified

were there all right, but lessing no balloons nor electronic hanky-panky: control tower that day.

Incidentally, it is Tok- w international airport, ce it opened two years international traffic has moved there, about 48 orth-east of Tokyo, lea- e city's Haneda Airport

Ministry of Foreign Affairs officials are trying to work out just where he will be when the swingmaster pronounces, and how fast they can get the news to him. Ohira, himself a former civil servant, is unlikely to accept anything but the best service from his officials.

In Venice, he and his particular friends, President Carter and Chancellor Schmidt ponder such lofty issues as the North-South dialogue, energy and inflation.

In Tokyo, however, there is one general election issue which is literally down to earth, and as at Narita, it is to do with farmers: the rice price.

Rice farmers from all over Japan have been in town, 8,000-strong, for a rally demanding that the price the Government pay them be increased by 16.3 per cent.

The price has been pegged for the last two years. Consumer price inflation here is 7.2 per cent, which as an official told me, is considered "very high".

Disarmingly, the English-language *Japan Times* commented: "The Government says it has no idea at present about what to do with the rice price."

Some of the farmers, of course, were from Narita, and their paddy fields can be seen either side of the Higashi Kanto expressway which links the airport with the capital.

I stopped off en route at Narita City itself and had some green tea with Rokuro Hasegawa. He is not a farmer but a businessman, yet he will do as a symbol of how smoothly

Japan can swing from the old to the new.

Hasegawa made his money as president of a company which is the new international airport.

He is mayor of Narita, an old religious and farming centre, whose name was originally "Naruta" or paddy field with many thunderclaps. After Fudo Myowin, a Buddhist deity, was installed (it says here) the thunderclaps died down, rice yield perked up, and the town's name was changed to "Narita" or paddy field with high rice yield.

Until the airport finally opened, it looked as if his town might revert to its old name for the riots that attended its construction reverberated around the world on television (many of the sets are Japanese, of course).

Hasegawa, now halfway through his third four-year term, saw it all.

The businessman in him was delighted when his town was selected for the airport, particularly since it brought the expressway Narita's way. The politician in him was bothered by the unrest the expropriations caused, and is still harried by the pipeline being built to bring electricity to the airport from Tokyo's air terminal.

It is pumped through at high pressure and there are many earthquakes in Japan," he told me. Earthquakes are something even a thrice-elected and last time unopposed mayor cannot do much about, but the pressure was something else.

Swallowing a natural disaster, perhaps, the conservative politician turned to specialists in the universities—whose economists and radicals have plagued the airport project. They helped him with suggestions that persuaded the airport authority's builders to improve the welding of joints and to install devices to detect leaks before they became "thunderclaps".

The pipeline is buried particularly deep near Narita City, he told me, and at one point is even driven under and not over a river.

Of course there are always those unwelcome constituents of his, the radicals who moved into the area. The hope is they will not be daft enough to mess with the pipeline's surface installations.

His honour the mayor, meanwhile, is all for airports: he even has models of a DC10 and a 747 in his office.

If the pipeline issue should ever blow up in his face, there is always the kimono business. Japanese law obliged him to step down from the presidency, but pragmatic as ever, Japanese law did not prevent him from handing over to the lady mayor who is now keeping his seat warm.

Oosaka's Kansai Electric Power Company has embarked on its own energy conservation programme: It has just done a deal with the unions to raise the retirement age of workers from 55 to 60.

FINANCIAL NEWS

Stock markets
Equities stay firm ahead of banking figures

Market sentiment continued on the bull yesterday, helped by the appearance of one or two institutional buyers.

Most sectors reported healthy inquiry although the buying remained selective and turnover was described as low. Hopes of a drop in the minimum lending rate ahead of today's banking figures left prices ready to take off at the first sign of good news.

In gilt buyers continued to outnumber sellers despite jobbers reporting some active two-way trade. The generally accepted view is that the banking figures are going to be bad but will bring to the fore the need for a further fall in interest rates worldwide continue to bring pressure on the Government and most dealers are looking for some downward reaction soon.

Most attention was directed at the longer end of both markets where heavy turnover was reported. In longer term gilts, the rise of between £1 and £1.50 on the top with rises of £1 to £1.50. The new medium term was not activated.

Shorts, too, were in a confident mood and continued the process witnessed towards the end of last week. By the close the gains were in the region of £1.

Industrial leaders had a rather patchy session but remained firm. In line with the rest of the market, the cash flow problems among industrial companies are now being pushed in one side with

the major worry remaining of cuts in dividend payments. Nevertheless, even this was being forgotten yesterday, as several institutions appeared on the scene looking to pick up bargains.

The FT Index, which improved slightly after hours, finished the day at the top, rising 5.9 to 434.4.

Unlevered, a neglected share of late, continued to pick up, jumping 8p to 443p. ICI rose 4p to 443p.

Suggestions of a bid by Sears Holdings for the smaller group were strongly denied by Mr L. Sainer, chairman of Sears, yesterday. This finally put paid to last week's speculation, which saw CES jump 5p to 39p on talk of an offer at 45p. Shares of CES retreated 1p to 36p yesterday.

In 360p, Glaxo 6p to 204p, Fisons 2p to 251p, BAT 3p to 243p and Distillers 3p to 191p. Rank Organisation's decision to pull out of filmmaking prompted a rise of 8p to 192p. Hopes of an early settlement date inspired Southern

Rhodesian Bonds. The 24 per cent 65-70 jumped £5 to £149, the 44 per cent 87-92 £6 to £90 and the 6 per cent 78-81 £5 to £165.

The worsening situation in the Middle East and a bear squeeze saw another active day among gold shares. Jobbers unwilling to run too long a position spent a rather uncomfortable session short of stock and feeling that the position was now becoming rather top heavy.

European buying pushed the market higher in the morning although some profit-taking was clearly visible in the afternoon. But early hectic trading at the resumption of business on Wall Street could lead to another busy session again this morning.

Most activity was directed at the heavier weights yesterday, as the bullion price climbed £25 to \$625.

Anglo Am Gold firmed £1 to £27, West Driefontein £1 to £27. F. S. Geduld £1 to £24.4 and Randfontein £1 to £24.4. The cheaper end, Welkom climbed 38p to £27p, Venterspost 26p to 738p, General

Mining 26p to 829p and Kinross 12 to 547. Among mining financials Consolidated Gold Fields rose 6p to 481p with suggestions of a bid from BP lifting RTZ 7p to 395p.

Press comment enabled Australian shares to enjoy a buoyant session although profit-taking wiped off some of the gains. North Kalbarri advanced 5p to 85p, Posidion 6p to 194p and Kalgoorie 16p to 366p.

There is speculation that a counter-bidder may emerge for Keyser Ullmann. Mr Derek Wilde, Keyser's chairman, has heard the talk, but has had no approach yet, nor is the market prepared to take this on board yet—Keyser's price, at 83p, still rests below the Charterhouse terms worth 85p a share.

In the meantime, the latest round of Opec meetings set the scene for profit-taking in oils.

Suggestions of a major oil find in the South African field boosted BP 14p to 364p. Shell rose 4p to 462p while Ultramar closed unchanged at 356p.

Sun Oil leapt 63p to 813p upon its bid for Viking Oil

going unconditional with Arco rising 10p to 296p on favourable comment and Tricentrol improving 4p to 366p.

Among companies reporting Associated British Foods jumped 4p to 96p after its preliminary statement, but W. L. Pawsom slipped 1p to 40p. Calfyns was unchanged at 123p.

In the drinks sector Grand Met rose 3p to 139p, Allied Breweries 1p to 79p and Arthur Guinness 1p to 91p, all ahead of figures this week. Trusthouse Forte, also reporting today, rose 6p to 176p.

In stores failing bid hopes knocked 4p from House of Fraser at 157p while last week's gloomy statement clipped 3p from Owen Owen at 108p. Empire Stores was a weak feature after hours, ahead of its annual meeting tomorrow, slipping 2p to 136p.

In engineering and electricals Metal Box climbed 10p to 270p ahead of figures on Wednesday with Babcock rising 4p to 87p and Tubes 8p to 260p. Reports that a Scottish consortium was interested in Ferranti, soon to be sold by the NEB, lifted the share price 29p to 533p while Rascal, also suggested as a possible suitor, remained unchanged at 242p.

Equity turnover on June 6 was 336,180 (13,661 bargains). Active stocks yesterday, according to the exchange Telegraph, were BP, Premier Oil, Consolidated Gold Fields, North Kalbarri, Western Mining, RTZ, Shell, Tricentrol, ICI, George Wimpey, Unilever, Arco, Petroleum, Bechtel, Marks & Spencer and European Ferries.

Copper hits nine-month low, but silver rises

By Michael Prest
Commodities Correspondent

Apparently contradictory forces at work in the world economy were reflected in the metal markets yesterday as silver bounced back and copper hit its lowest point in nine months.

The realization that Mr Nelson Baker, Hunt and his partners are under no obligation to liquidate their massive silver holdings partly restored the market's shaky faith in the metal.

Cash silver ended the day on the London Metal Exchange 27.5p an ounce up at 754p, the highest price since the end of March. Even greater confidence was demonstrated by the futures market, with three months' silver rising 30.5p to 782.5p.

But the political, inflationary and oil fears which are fuelling precious metals—platinum's £291.50 an ounce is also the highest for three months—bode ill for base metals. Copper cash wire bars fell £12.50 a tonne to £67.50, the lowest for nine months. The three-month price was down £11.75 to £88.70.

At bottom, however, the contradictory movements in metal prices reflect the way in which at this stage of a recession precious metals respond to financial indicators while base metals react to economic ones such as industrial demand. But in the short term, some dealers think base metals could benefit from higher precious metal prices.

Cowie to appeal over Ewer's issue of shares

By Catherine Gunn

Controversy still surrounds the Cowie bid for George Ewer, and Ewer's own acquisition of Eastern Tractors.

Yesterday coach builder George Ewer announced that the Stock Exchange saw no reason to block the issue of 2.6m new Ewer shares offered for Eastern Tractors. Cowie was furious. It says its own legal advisers disagree, and it is appealing to the Stock Exchange.

The Eastern Tractors bid is conditional upon a listing being granted for the new shares. T. Cowie, a motor hire and finance group based in Sunderland, launched its bid for Ewer a fortnight after Ewer bid for Tractors. But because of the problems in the farm machinery industry, Cowie does not want to take Tractors on.

Ewer's shareholders were not consulted over the Tractors deal, which Cowie as a major Ewer shareholder would almost certainly have opposed.

When Tractors' shareholders accepted Ewer's share offer, Cowie hoped the Stock Exchange would rule that the issue of the 2.6m new shares would be in breach of an assurance given by Ewer's board when the authorized share capital was increased in 1978. That was a promise not to issue any shares which would alter the control of the group. Yesterday's announcement have put paid to it.

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Briefly

Hawley Leisure: The vendors of City Games have been paid £50,000 of deferred consideration. At request of vendors, £50,000 has been paid by issue of 100,000 ordinary shares.

Construction Holdings: Pretax profit for six months to March 31, 1980, EPS 5.5p. Interim 5p (10.5p for 13 months).

Merger cleared: Proposed merger of General Electric and American with certain assets of Thorn EMI is not to be referred to the Monopolies Commission.

Queens Most Houses: In order to release resources for expansion, a 38-bedroom hotel in Ross-on-Wye, has been sold for £575,000, the book value. Consideration of £505,000 in cash on completion and £70,000 in equal annual sums between 1983 and 1990.

Cardinal Investment Trust: London & Manchester Assurance has acquired 36,000 ordinary shares holding 832,000 (6.02 per cent).

Burnett and Hallamshire Holdings: Mr A. Ferguson has sold in shares in the company. Shares were in name of Temple Investment and Finance. Holding now 101 shares in his own name.

Nimble: Offer made by Nimble European Holdings to acquire shares of Nimble Ltd not owned by or controlled by Nimble Technology Inc. has been accepted by holders of 1,035m shares (representing 82.0 per cent). Offer has become unconditional in all respects and remains open for acceptance.

Stroud Riley Drummond: H. M. Ross now holds 360,000 shares (10.76 per cent).

Huntleigh Group: Mr John Kippers, chairman, told annual meeting current year has started well and it is expected that half-year profits will show a satisfactory increase compared with the same period in 1979.

N. Brown Investments: Turnover for year to March 31 £23,000 profit £1,57m (11.01m). EPS 10.74p (7.56p). Final 5p Dividend is 4.74p gross (3.63p).

Milliet's Leisure Shops: Group is strong financial position. After year with a large expansion programme planned. Cost will fall mainly in first half, but full-year results should be satisfactory, chairman says.

John Townsend & Co.: Lloyd's broker, has bought a controlling interest in New York insurance broker, R. W. Bailey Inc. for an undisclosed sum. As a result, a new broker, Bailey Townsend, is to be formed, specializing in ocean marine reinsurance.

WHOLESALE PRICES

Indices (1975=100) of wholesale prices of manufactured goods and the basic materials and fuels purchased by manufacturing industry published by the Department of Industry yesterday.

Output Prices of previous 6 months materials months at (home and sales) fuels rate of (1) (2) (3) (4)

1979	1980	1981	1982	1983
Jan	163.2	165.2	165.2	165.2
Feb	170.9	168.6	168.6	168.6
Mar	174.8	168.1	168.1	168.1
Apr	176.4	168.1	168.1	168.1
May	176.4	168.1	168.1	168.1
Jun	176.4	168.1	168.1	168.1
Jul	176.4	168.1	168.1	168.1
Aug	176.4	168.1	168.1	168.1
Sep	176.4	168.1	168.1	168.1
Oct	176.4	168.1	168.1	168.1
Nov	176.4	168.1	168.1	168.1
Dec	176.4	168.1	168.1	168.1

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Commodities

Discount market

Credit proved to be in comfortable supply and the discount market yesterday and houses needed no assistance from the Bank of England. The rate for secured money opened at about 16½ per cent, but fell to 16 per cent during the morning to reach 16 per cent by midday.

A little unevenness developed during the afternoon, with rates varying between 15 and 16 per cent for a time. The market ruled off within bounds of 15½ and 16½ per cent. The market was working to the assumption that a further rise in the rate of discount would be necessary under comfortable conditions can be expected before conditions are tightened towards the end of the year. The Bank of England takes back on Thursday the £500m it lent to the banks earlier in the year against the securities of gilt-

Money Market Rates

[illegible]

World wool output

Monaco, June 9.—World wool production has risen to an estimated 2,706m kilos, greasy, the highest total for eight years, the United Nations Secretary, Mr. M. J. Goffroy, told the annual conference of the International Wool Textile Organisation here (reports Reuter).

The figure is still, however, five per cent below the record level of 2,850m kilos in 1958-59.

Main producers in the 1975-80 season, ending June 30, are Australia, with an estimated 722m kilos, the Soviet Union, 672m, New Zealand, 423m, Argentina, 172m, China, 100m, South Africa, 99m and Uruguay, 73m kilos.

Mr. Goffroy said the increase of 23 per cent for 1975-80 was in line with the gathering pace of the recovery in sheep numbers.

Recent Issues

[illegible]

Foreign exchange report

The possibility of yet lower National Bank and the Bank of United States interest rates, to-England were also thought to have- day. Carter's proposed increase in Petrol Tax put fresh pressure on the dollar in foreign exchanges markets yesterday. The Bundesbank bought some \$15.5m at the Frankfurt "bids" of \$1.50 and \$1.45 against a "basket" of currencies.

Sterling Spot and Forward

	Marked rates New York Montreal London Buenos Aires Santiago Havana Lima Rio de Janeiro Sao Paulo Valparaiso	Marked rates (New York) (Montreal) (London) (Buenos Aires) (Santiago) (Havana) (Lima) (Rio de Janeiro) (Sao Paulo) (Valparaiso)	1 month 2 months 3 months 4 months 5 months 6 months 7 months 8 months 9 months 10 months 11 months 12 months	13 months 14 months 15 months 16 months 17 months 18 months 19 months 20 months 21 months 22 months 23 months 24 months
New York	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4
Montreal	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4
London	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4
Buenos Aires	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4
Santiago	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4
Havana	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4
Lima	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4
Rio de Janeiro	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4
Sao Paulo	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4
Valparaiso	85 1/2-86 1/2	85 1/2-86 1/2	1 1/2-1 3/4	1 1/2-1 3/4

Sterling: Other Markets

Australia	2 0350-0.0035
Bahrain	0.827-0.807
Finland	8 5245-8 5745
Greece	99.8-101.8
Hongkong	31.5400-11.0230
Iran	0.003-0.0043
Malaysia	3.0285-5.0565
Mexico	53.2-54.7
New Zealand	2.3685-2.3685
Saudi Arabia	7 8285-7.8865
Singapore	4 3650-5.3150
South Africa	1.02-1.020

Dollar Spot Rates

Ireland	2 1075-2 2685
* Canada	1 1886-1 1943
Netherlands	1 2546-1 2556
Belgium	24 27-28 20
Denmark	5 4740-5 4780
West Germany	1 1623-1 1628
Portugal	45 72-48 85
Spain	82 28-82 33
Italy	630 00-630 75
Norway	4 5100-4 5620
France	4 1843-4 1845
Sweden	4 1230-4 1510
Japan	216 30-216 50
Austria	125 02-125 523
Switzerland	1 6230-1 6240

* Ireland quoted in US currency.
 * Canada \$1: US\$0.5403 x 0.5656

EMS European Currency Rates

	ECU central rate	currency against ECU	% change from central rate	% change adjusted ^a	disgrace first 5 plus mean
Belgian franc	20.3607	46.3263	1.38	0.28	7.43
Italian Lira	7.2366	1.81828	1.35	0.26	7.43
German Deutsche Mark	2.48366	2.36688	0.50	0.30	2.93
French franc	6.54593	8.36642	0.87	0.47	2.93
Spanish peseta	7.16362	16.6667	0.71	0.28	2.212
Irish punt	7.87564	0.787564	1.28	0.28	2.212
Maltese liri	2.527.79	2.185.58	2.60	1.46	4.66

^a % changes are for the ECU therefore positive change denotes weak currency.

Gold

Options

Euro-\$ Deposits

out of a total of 969. BP completed 159 and Lonrho numbered 139, with Lane Securities, still popular, with 112, after the news of its rights issue.

Calls were produced in Ultramar, Debenham, Premier Coral Leisure, Candeca and North Kalguria, with doubles in Smith Brothers, Shell and Lonrho.

Options

With the prospect of a couple of new options series in Grand Metropolitan after this week's results, the total number of traded options contracts in the group numbered 124 yesterday.

Authorized Units, Insurance & Offshore Funds

[illegible]

Salerooms and Antiques

Sotheby's

Sotheby Parke Bernet & Co.
35 New Bond Street, London W1A 2AA
Telephone: (01) 493 8080

Tuesday 10th June at 10.30 am
JEWELLERY, CERAMICS AND WORKS OF ART
(124 illus.) £1.75

Tuesday 11th June at 10.30 am and 2 pm
GLASS AND FOREIGN COINS
(124 illus.) £1.75

Tuesday 11th June at 10.30 am
The Royal Watercolour Society Galleries,
Jermyn Street, W1
18 AND 19 EXPENSIVE WINES AND
PAGEPORT Cat. 50p

Tuesday 11th June at 11 am
OLD MASTER PAINTINGS
(124 illus.) £4.25

Tuesday 11th June at 11 am
MODERN ENGLISH SILVER AND
KING SILVER Cat. (56 illus.) £3.50

Tuesday 12th June at 2.30 pm
DMS FISHER'S WATERCOLOURS OF
DORSETSHIRE AND BRISTOL
CONTEMPORARY DRAWINGS AND
TECHNIQUES Cat. (75 illus.) £4.50

Tuesday 12th June at 10.30 am and 2.30 pm
The Royal Watercolour Society Galleries,
Jermyn Street, W1
ENTRIFIC INSTRUMENTS, WATCHES AND
JEWELLERY Cat. (60 illus.) £4

Tuesday 12th June at 11 am
OLD ENGLISH FURNITURE, TAPESTRIES,
KINGS ON GLASS, TEA CADDIES AND
KES Cat. (78 illus.) £2.75

Tuesday 12th June and following day at 11 am
KING BOOKS Cat. £1.30

Tuesday 12th June at 2.30 pm
KES OF ART FROM BENIN Cat. (44 illus.) £3

Tuesday 12th June at 10.30 am
DERN AND ANTIQUE FIREARMS,
MOUNTED AND EDGED WEAPONS
(19 illus.) £1.75

Tuesday 12th June at 11 am
ENGLISH ENAMELS Cat. (95 illus.) £3.55



Sotheby King and Chasemore
Station Road, Pulborough, West Sussex RH20 1AJ
Telephone: (07982) 3831

Tuesday 10th June at 10.30 am and 2 pm
CLOCKS, SCIENTIFIC AND MUSICAL
INSTRUMENTS, DOLLS, TOYS AND
COLLECTOR'S ITEMS

Wednesday 11th June at 2 pm
SILVER AND PLATE Cat. £1.30

Wednesday 11th June at 10.30 am
SELECTED AND REGENCY FURNITURE AND
WORKS OF ART

Wednesday 11th June at 10.30 am and 2 pm
REGENCY, FOREIGN AND OTHER SILVER
AND PLATE, JEWELLERY AND BIJOUTERIE
Cat. £1.40

Thursday 12th June at 10.30 am
SELECTED OF THE OAKS, BALCOMBE,
SUSSEX Cat. £2.50

Sotheby Mak van Waay B.V.
102 Rokin, 1012 KZ Amsterdam
Telephone: (30) 24 6215 6

**Tuesday 10th June and following three weeks (excluding
Saturdays and Sundays) at 10.30 am and 2 pm, and in
addition at 7.30 pm on Tuesday 24th June and following
two days**
PAINTINGS, PORCELAIN AND POTTERY,
WORKS OF ART, FURNITURE, SILVER AND
JEWELLERY

Sotheby's Belgravia

19 Motcomb Street, London SW1X 8LB

Telephone: (01) 235 4371

Tuesday 10th June at 10.30 am

VICTORIAN PAINTINGS, DRAWINGS AND
WATERCOLOURS Cat. (58 illus.) £1

Thursday 12th June at 11 am and 2.30 pm

ENGLISH CERAMICS Cat. (84 illus.) £1.70

Friday 13th June at 10.30 am

POSTCARDS, CIGARETTE CARDS,
STENOGRAPHS, PRINTED EPHEMERA,
POSTERS, ADVERTISING MATERIAL AND
BISCUIT TINS Cat. (51 illus.) 40p

Tuesday 10th June at 11 am

FINE VICTORIAN PAINTINGS, DRAWINGS
AND WATERCOLOURS Cat. (150 illus.) £5

Tuesday 10th June at 2.15 pm

at 11th Avenue Road, Torquay
18th and 19th CENTURY FURNITURE Cat. £1

Tuesday 10th June at 2.15 pm

at 228 Higher Union Street, Torquay
18th and 19th CENTURY FURNITURE Cat. £1

Wednesday 11th June

at 11th Avenue Road, Torquay
WORKS OF ART Cat. £1

Wednesday 11th June

at 11th Avenue Road, Torquay
WORKS OF ART Cat. £1

Wednesday 11th June

at 11th Avenue Road, Torquay
WORKS OF ART Cat. £1

Wednesday 11th June

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WORKS OF ART Cat. £1

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Wednesday 11th June

at 11th Avenue Road, Torquay
WORKS OF ART Cat. £1

Phillips

Tuesday 10th June 11 am.
FURNITURE, EASTERN CARPETS
& WORKS OF ART

Tuesday 10th June 2 pm.

ETHNOGRAPHICAL ITEMS
AND ANTIQUITIES

Illustrated catalogue 77p by post

Wednesday 11th June 11 am.

CHINESE & JAPANESE CERAMICS
& WORKS OF ART

Wednesday 11th June 12 noon

POTLIDS, FAIRINGS, GOSS &
COMMEMORATIVE CHINA

Illustrated catalogue 65p by post

Thursday 12th June 11 am.

MUSICAL INSTRUMENTS

Illustrated catalogue £1.27 by post

Thursday 12th June 1.30 pm.

PRINTED BOOKS, MAPS
& ATLASES

Friday 13th June 11 am.

ENGLISH & CONTINENTAL SILVER
AND PLATE

Illustrated catalogue 65p by post

Monday 16th June 11 am.

FURNITURE, EASTERN CARPETS
& OBJECTS

Monday 16th June 2 pm.

OIL PAINTINGS

Tuesday 17th June 11 am.

FURNITURE, EASTERN CARPETS
& WORKS OF ART

Tuesday 17th June 11 am and 2 pm.

IMPORTANT JEWELS, OBJECTS
D'ART, AND RUSSIAN WORKS OF
ART INCLUDING FABERGE

Illustrated catalogue £3.75 by post

PHILLIPS WEST 2

10 SALEM ROAD, LONDON, W.2.

Thursday 12th June 10 am.

FURNITURE, PORCELAIN &
WORKS OF ART

View: Wednesday 9 am-7 pm

PHILLIPS MARYLEBONE

HAYES PLACE, LONDON, N.W.1.

Friday 13th June 10 am.

FURNITURE, PORCELAIN &
WORKS OF ART

View: Thursday 9 am-5 pm

PHILLIPS WILL BE AT THE THREE

COUNTIES SHOW, MALVERN, WORCS,

from 10th-12th June. STAND NO. 551,

and also at THE ROYAL HIGHLAND

SHOW, INGLISTON, NEWBRIDGE,

MIDLOTHIAN, from 16th-19th June.

STAND NO. EX512, where our Specialists

will be pleased to welcome you.

Phillips principal saleroom at

7 Blenheim St. New Bond St. London W1. Tel: 01 629 6602.

West 2: 221 5303, 221 5304, 221 5305, 221 5306, 221 5307, 221 5308, 221 5309, 221 5310, 221 5311, 221 5312, 221 5313, 221 5314, 221 5315, 221 5316, 221 5317, 221 5318, 221 5319, 221 5320, 221 5321, 221 5322, 221 5323, 221 5324, 221 5325, 221 5326, 221 5327, 221 5328, 221 5329, 221 5330, 221 5331, 221 5332, 221 5333, 221 5334, 221 5335, 221 5336, 221 5337, 221 5338, 221 5339, 221 5340, 221 5341, 221 5342, 221 5343, 221 5344, 221 5345, 221 5346, 221 5347, 221 5348, 221 5349, 221 5350, 221 5351, 221 5352, 221 5353, 221 5354, 221 5355, 221 5356, 221 5357, 221 5358, 221 5359, 221 5360, 221 5361, 221 5362, 221 5363, 221 5364, 221 5365, 221 5366, 221 5367, 221 5368, 221 5369, 221 5370, 221 5371, 221 5372, 221 5373, 221 5374, 221 5375, 221 5376, 221 5377, 221 5378, 221 5379, 221 5380, 221 5381, 221 5382, 221 5383, 221 5384, 221 5385, 221 5386, 221 5387, 221 5388, 221 5389, 221 5390, 221 5391, 221 5392, 221 5393, 221 5394, 221 5395, 221 5396, 221 5397, 221 5398, 221 5399, 221 5400, 221 5401, 221 5402, 221 5403, 221 5404, 221 5405, 221 5406, 221 5407, 221 5408, 221 5409, 221 5410, 221 5411, 221 5412, 221 5413, 221 5414, 221 5415, 221 5416, 221 5417, 221 5418, 221 5419, 221 5420, 221 5421, 221 5422, 221 5423, 221 5424, 221 5425, 221 5426, 221 5427, 221 5428, 221 5429, 221 5430, 221 5431, 221 5432, 221 5433, 221 5434, 221 5435, 221 5436, 221 5437, 221 5438, 221 5439, 221 5440, 221 5441, 221 5442, 221 5443, 221 5444, 221 5445, 221 5446, 221 5447, 221 5448, 221 5449, 221 5450, 221 5451, 221 5452, 221 5453, 221 5454, 221 5455, 221 5456, 221 5457, 221 5458, 221 5459, 221 5460, 221 5461, 221 5462, 221 5463, 221 5464, 221 5465, 221 5466, 221 5467, 221 5468, 221 5469, 221 5470, 221 5471, 221 5472, 221 5473, 221 5474, 221 5475, 221 5476, 221 5477, 221 5478, 221 5479, 221 5480, 221 5481, 221 5482, 221 5483, 221 5484, 221 5485, 221 5486, 221 5487, 221 5488, 221 5489, 221 5490, 221 5491, 221 5492, 221 5493, 221 5494, 221 5495, 221 5496, 221 5497, 221 5498, 221 5499, 221 5500, 221 5501, 221 5502, 221 5503, 221 5504, 221 5505, 221 5506, 221 5507, 221 5508, 221 5509, 221 5510, 221 5511, 221 5512, 221 5513, 221 5514, 221 5515, 221 5516, 221 5517, 221 5518, 221 5519, 221 5520, 221 5521, 221 5522, 221 5523, 221 5524, 221 5525, 221 5526, 221 5527, 221 5528, 221 5529, 221 5530, 221 5531, 221 5532, 221 5533, 221 5534, 221 5535, 221 5536, 221 5537, 221 5538, 221 5539, 221 5540, 221 5541, 221 5542, 221 5543, 221 5544, 221 5545, 221 5546, 221 5547, 221 5548, 221 5549, 221 5550, 221 5551, 221 5552, 221 5553, 221 5554, 221 5555, 221 5556, 221 5557, 221 5558, 221 5559, 221 5560, 221 5561, 221 5562, 221 5563, 221 5564, 221 5565, 221 5566, 221 5567, 221 5568, 221 5569, 221 5570, 221 5571, 221 5572, 221 5573, 221 5574, 221 5575, 221 5576, 221 5577, 221 5578, 221 5579, 221 5580, 221 5581, 221 5582, 221 5583, 221 5584, 221 5585, 221 5586, 221 5587, 221 5588, 221 5589, 221 5590, 221 5591, 221 5592, 221 5593, 221 5594, 221 5595, 221 5596, 221 5597, 221 5598, 221 5599, 221 5600, 221 5601, 221 5602, 221 5603, 221 5604, 221 5605, 221 5606, 221 5607, 221 5608, 221 5609, 221 5610, 221 5611, 221 5612, 221 5613, 221 5614, 221 5615, 221 5616, 221 5617, 221 5618, 221 5619, 221 5620, 221 5621, 221 5622, 221 5623, 221 5624, 221 5625, 221 5626, 221 5627, 221 5628, 221 5629, 221 5630, 221 5631, 221 5632, 221 5633, 221 5634, 221 5635, 221 5636, 221 5637, 221 5638, 221 5639, 221 5640, 221 5641, 221 5642, 221 5643, 221 5644, 221 5645, 221 5646, 221 5647, 221 5648, 221 5649, 221 5650, 221 5651, 221 5652, 221 5653, 221 5654, 221 5655, 221 5656, 221 5657, 221 5658, 221 5659, 221 5660, 221 5661, 221 5662, 221 5663, 221 5664, 221 5665, 221 5666, 221 5667, 221 5668, 221 5669, 221 5670, 221 5671, 221 5672, 221 5673, 221 5674, 221 5675, 221 5676, 221 5677, 221 5678, 221 5679, 221 5680, 221 5681, 221 5682, 221 5683, 221 5684, 221 5685, 221 5686, 221 5687, 221 5688, 221 5689, 221 5690, 221 5691, 221 5692, 221 5693, 221 5694, 221 5695, 221 5696, 221 5697, 221 5698, 221 5699, 221 5700, 221 5701, 221 5702, 221 5703, 221 5704, 221 5705, 221 5706, 221 5707, 221 5708, 221 5709, 221 5710, 221 5711,

PERSONAL CHOICE

Broadcasting Guide

Edited by Peter Dear

TELEVISION

BBC 1

6.40 am Open University: Dairy Farming; 7.05 Principles of Organic Synthesis; 7.30 Maths Analysis-Integration; 7.55 Close-down; 8.35 For Schools, Colleges: Out of the Past-The Bredon Voyage; 10.00 Merry-go-round (r) ends; 10.05; 11.00 Watch 11.77 Television Club (r); Closedown at 1.40; 1.30 pm The Flumps; 1.45 News; 2.00 Cricket: Commentary from Trent Bridge on the final day of the first Test Match between England and West Indies. Introduced by Peter West; 2.55 Play School; 4.20 Lennie. Our heroine doggedly rescues some victims of an earthquake; 4.40 News; 5.05 John Craven's Newsround; 5.15 Ask Aspel. Mike has as his studio guest the enormous Geoff Capes who will answer questions put to him by the audience. Mike will, as usual, be showing...

BBC 2

6.40 am Open University: Feature films as propaganda; 7.05 Handed cuffed in the Community; 7.30 M101/15 Log, Exp and; 7.55; 11.00 Play School; The story today is 'A dress for a Bride' made by Marjorie Barbour. Carol Leader and Michael Mann are the presenters; 11.25 Cricket: Live coverage of the final day of the first Test between England and West Indies from Trent Bridge. Commentators are Ted Dexter, Jim Laker, Mike Smith and Richie Benaud; Closedown at 1.40; 1.30 pm The Flumps; 1.45 News; 2.00 You and Me; 4 and 5-year-old meet athlete Sonia Lannaman and watch her do some exercises; Closedown at 2.15.

THAMES

9.30 am For Schools: Living and Growing; 9.47 Seeing and Doing; 10.04 Reading with Lenny; 10.16 A Place to Live; 10.35 The English Programme; 11.05 Lenny; 11.22 Good Health; 11.39 Alive and Kicking; 11.55 The Undersea Adventures of Captain Nemo: Cartoon featuring comic submarines; 12.00 Cockle-shell Bay: More adventures of Robin and Cockle narrated by Brian Trueman; 12.10 Pippins: Bartley Hare tries to discover more about birds but they keep flying away; 12.30 The Bullwinkle; 1.00 News; 1.20 Thames News; with Robin Houston; 1.30 Crown Court: Part Two of the Green House Girls in which the warden of a probation hostel is charged with stealing £50 from each of two inmates; 2.00 After Noon Plus Encore: Highlights of the season first shown on Wednesdays. Dirk Bogarde and Alec Douglas-Home are among those in the programme

ing TV and film clips that have been requested by young viewers; 5.40 News; 5.55 Nationwide; 6.55 The Wonderful World of Disney: Sally the Hijacked Harbour Seal. A seal pup wanders away from his mother and finds himself in a series of unusual adventures; 7.45 Dick Emery-Take 2: This is the last in the mini series starring our multi-character comedian as he plays the part of his latest role, Flynn O'Thick, a Irish private detective, assisted by his special guest John Le Mesurier; 8.30 Sport on the final day of the first Test between England and West Indies. Introduced by Peter West; 9.00 News; 9.15 Richard Baker; 9.25 The Woodlodge View: Parade, Parade. First shown on BBC2 this time last year, Ian Woodlodge's Macbeths tell the scenes to see and hear the secrets behind the most famous military spectacle in the world, Trooping the Colour.

3.55 Cricket: More coverage from Trent Bridge; 6.05 Open University: Haydn; 6.30 Macbeths Macbeths; 6.55 Swim: This evening we go head first into diving; 7.30 News: with sub-titles for the hard of hearing; 7.30 Cantata: The last of three recitals given by Cantata of the English and baroque music; Margaret Marshall; 8.00 Out of Court: Tonight's programme looks into the world of legal references and tonight presented by Nick Ross with reporters Norma Shepherd and Peter Bazalgette; 8.25 The Philpott File: Inside a fictional: (see Personal Choice).

today; 2.45 Charlie and Julie: The Meeting. The first play in a two-play love story; 3.45 Tell Me Another: Dick Emery introduces two personalities who recall embarrassing moments from their public and private life; 4.15 Get a Grip: North and South; 4.30 Meet Janet Brown: This is the first starring role for Britain's best-known female impressionist; 4.55 Extraordinary: The first of a new series in which a dog is taken back to the childhood of a person's personality; Her first guest is a friendly yet Cooper, our favourite ex-boring champion; 5.15 Emmerdale Farm; 5.45 News; 6.00 Thames News; 6.25 Help! If you have problems prepare to solve them now with the help of John Stanton; 6.35 Crossroads; 7.00 Survival: Bright-eyed and bushy-tailed. Geri squirts were brought over from America during the 1870s and have since become a staple of the British pet; 7.30 The Streets of San Francisco; Mike Stone, whose nose I'm sure could find a truffle, investigates the shipboard death of a Frenchman. There is an added complication in the shape of a dog's collar, studied with jewels; 8.30 Only When I Laugh: The last of a new series in which one troupe member in his own late-night party in organizing the night; 9.00 Meet Janet Brown: This is the first starring role for Britain's best-known female impressionist; 9.25 The Philpott File: Inside a fictional: (see Personal Choice); 9.55 Extraordinary: The first of a new series in which a dog is taken back to the childhood of a person's personality; Her first guest is a friendly yet Cooper, our favourite ex-boring champion; 10.00 News; 10.30 What do you think of it so far? (see Personal Choice); 11.15 Quidley: People attending a barbecue suddenly find themselves in a series of adventures; 11.30 The Streets of San Francisco; Mike Stone, whose nose I'm sure could find a truffle, investigates the shipboard death of a Frenchman.

10.30 International Match of the Day: An unusual tide seeing that the matches don't start until tomorrow. Being a cricket fan I'm beginning to see of the never-ending soccer season; 10.50 Platform One: Sir Arnold Weinstock, managing director of the effects of Tory government policy on British business; 11.20 The Sky at Night: The Solar telescope at the Nuffield Observatory in Arden Park, Oxford shows up this remarkable instrument and talks to the scientists who use it; 11.40 News and weather.

Regions

BBC 1 VARIATIONS: Cover/Wales; 6.55 Headline; 7.30 Gair; 11.40 News; 5.55 Reporting Scotland; 10.50 News; 6.00 News; 6.05 News; 6.10 News; 6.15 News; 6.20 News; 6.25 News; 6.30 News; 6.35 News; 6.40 News; 6.45 News; 6.50 News; 6.55 News; 7.00 News; 7.05 News; 7.10 News; 7.15 News; 7.20 News; 7.25 News; 7.30 News; 7.35 News; 7.40 News; 7.45 News; 7.50 News; 7.55 News; 8.00 News; 8.05 News; 8.10 News; 8.15 News; 8.20 News; 8.25 News; 8.30 News; 8.35 News; 8.40 News; 8.45 News; 8.50 News; 8.55 News; 9.00 News; 9.05 News; 9.10 News; 9.15 News; 9.20 News; 9.25 News; 9.30 News; 9.35 News; 9.40 News; 9.45 News; 9.50 News; 9.55 News; 10.00 News; 10.05 News; 10.10 News; 10.15 News; 10.20 News; 10.25 News; 10.30 News; 10.35 News; 10.40 News; 10.45 News; 10.50 News; 10.55 News; 11.00 News; 11.05 News; 11.10 News; 11.15 News; 11.20 News; 11.25 News; 11.30 News; 11.35 News; 11.40 News; 11.45 News; 11.50 News; 11.55 News; 12.00 News; 12.05 News; 12.10 News; 12.15 News; 12.20 News; 12.25 News; 12.30 News; 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PORTUGAL

ocracy looks healthier after the elections last December. This eight-page examines the major reforms taking place while membership of the European Economic Community is one of the chief issues facing the Government

the Portuguese this small but diverse country with its easy-going more than 40 attitudes, into a force to be reckoned with in the south. Olivera Salazar, west corner of Europe—a them children, corner that will become a small Caserta, part of an expanded EEC in January, 1983?

Did the elections see the Portuguese as a last chance to come to terms with themselves and to elect more have a stable, but tough, democratic government? The answer would appear to be yes, given the fact that they elected a government totally different in all respects and at variance with the aims of the revolution.

co Sá Carneiro, lawyer from the leader of the Democratic, have been the voice of prime platform of less state intervention, an end to military involvement in government and positive encouragement of private enterprise.

ck. What his will be is the only way to see the election. He has been elected for a four-year term in October to institute even more radical reforms.

Observers of the political scene see Dr Sá Carneiro as a completely new set of laws which will break down much of the power of the workforce, although it is not certain when they will be enacted: before or after the October elections.

Basically, the new laws will make it easier to dismiss workers than in the past six years and there will be better and stronger reasons for doing so, which is one of the demands foreign investors have made if they are to be encouraged to invest further.

He has taken a strong line in international affairs. He was one of the first to condemn the Soviet Union's intervention in Afghanistan. He broke off relations with Iran early on and he has restricted the number of Eastern block visitors to Portugal.

On the domestic front he is attempting to restore a sense of pride in being Por-

tuguese. Small they may be, but they do have a voice that must be increasingly heard. Again, like Mrs Thatcher, he has taken a tough line on the nationalized sector, saying that it must stand on its own feet.

If it fails to do so, then denationalization must be the answer or other businesses will be set up in competition. He is keen on developing initiative among the workers and believes that private and foreign investments will resolve the country's long-term economic problems.

So much does he believe this that he has opened up the whole question of the private and public sectors for more careful discussion and delineation. He could be faced with troubles in getting new laws through, but seems confident of doing so soon.

In addition, he is taking a much tougher line with the unions than his predecessors, refusing to bow to their demands, claiming that the agitation since he came to office is communist inspired and politically motivated.

He is thus in the middle of a serious battle on this front and has refused to be intimidated.

The Labour Ministry has drafted a completely new set of laws which will break down much of the power of the workforce, although it is not certain when they will be enacted: before or after the October elections.

Basically, the new laws will make it easier to dismiss workers than in the past six years and there will be better and stronger reasons for doing so, which is one of the demands foreign investors have made if they are to be encouraged to invest further.

six years of gains and will not easily tolerate their removal, it is said.

In spite of many of the changes he has made and others he is in the process of introducing, Dr Sá Carneiro looks well set to repeat his December electoral success next October.

He has introduced a package of tax cuts and price controls, although these do not bear too close an examination since the small cuts in direct taxes, intended to give consumers an extra 6 per cent in real terms, will be reduced by rises in indirect taxes such as the duty on tobacco, car registration and telephone rental that do not feature in the official price index.

There is also a drive to cut down on tax evasion which is believed to cost the state huge sums annually. The Treasury expects total tax receipts to rise by more than 30 per cent this year, which means that it is relying heavily on a tax witch hunt.

Wage demands are looming closer and here the Government will allow up to 20 per cent increases. The Prime Minister's view is that the workers will not strike if they ask for 23 per cent and are offered the former figure. It is a skillful ploy, but it has brought forth an intensified campaign from his opponents.

Further appeals to October's voters have come in the form of better social security measures for the family and improved pension arrangements along British lines. As one correspondent said: "The Portuguese are great copiers". A cynical judgment, but flattering to the British.

Can he win the election in October? All the pointers suggest that he will, barring any clash with the institutions or some unplanned whim to resign, which seems unlikely. After the election there will be a concerted effort to get the economy going in the right direction.

The Government is budgeting for a \$800m deficit this year. In contrast to the modest \$100m surplus



Above: a corner of the port of Lisbon. Below left: a sardine fisherman drying his catch; right: one of Lisbon's older streets.



Anthony Jones

In good health after the IMF's textbook treatment

A monetary about-face after gloom and doom

go the prophets of despondency, the imminent crisis for Portugal has been plagued by upheavals and recesses leading to a painful recovery under the International Monetary Fund's tutelage.

Senhor Anibal Cavaco Silva, the Finance Minister, says the country's financial capacity is well able to handle the IMF's demands.

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markets to the Portuguese in the year ahead in spite of rising oil prices and international recession on the horizon. The confidence also has a political component and the sources say an autumn electoral victory for the Government would naturally flesh it out.

Meanwhile, the Government's announced intention of reversing many of the socialist measures in the economy and making Thatcher-like inroads into the burdensome and debt-ridden state sector has been reflected in the first post-socialist budget presented in six years.

The Government is demanding profitability—or at least signs of future financial health—from nationalized industry and utilities and is preparing a ground for private enterprise to compete in as many sectors as the arcane 1976 constitution allows.

Deficit budgeting has another object in mind, which is to help to prepare the country for the shock of pending entry to the European Economic Community, scheduled for January, 1983.

The Government sees as vital an expansion of manufacturing industry and a medium-term takeoff in the economy, which would bring with it improved living standards, more jobs and the basis for development which people have been waiting for since the word was temptingly banded about by the military officers who ousted the dictatorship in 1974.

As Portugal proceeds with EEC membership negotiations its bankers are hoping the Community's Council of Ministers will approve an unprecedented request for massive pre-accession aid.

Of the order of \$400m this aid would be channelled towards improving faulty or inadequate services such as motorways, small coastal harbours and inland airports, and creating better internal telecommunications.

Such EEC aid would be easier and cheaper than having to seek similar sums on the international markets, for there is no doubt that without improved basic networks, Portugal will be badly placed to benefit from Community regional and development aid once a full member.

Meanwhile, in an attempt



The marketing area of a Lisbon bank.

to attract foreign investors, the Government has just unveiled an ambitious package of concessions and financial deals to channel investment to priority areas.

Tourism and agriculture are already so classified and carry a range of attractive concessions for the investor. The latest scheme extends and increases these benefits to sectors such as fishing, mining and manufacturing and, in time, it is expected to be extended to vehicle components, high quality textiles, pyrite and mineral exploration and fish and food freezing concerns.

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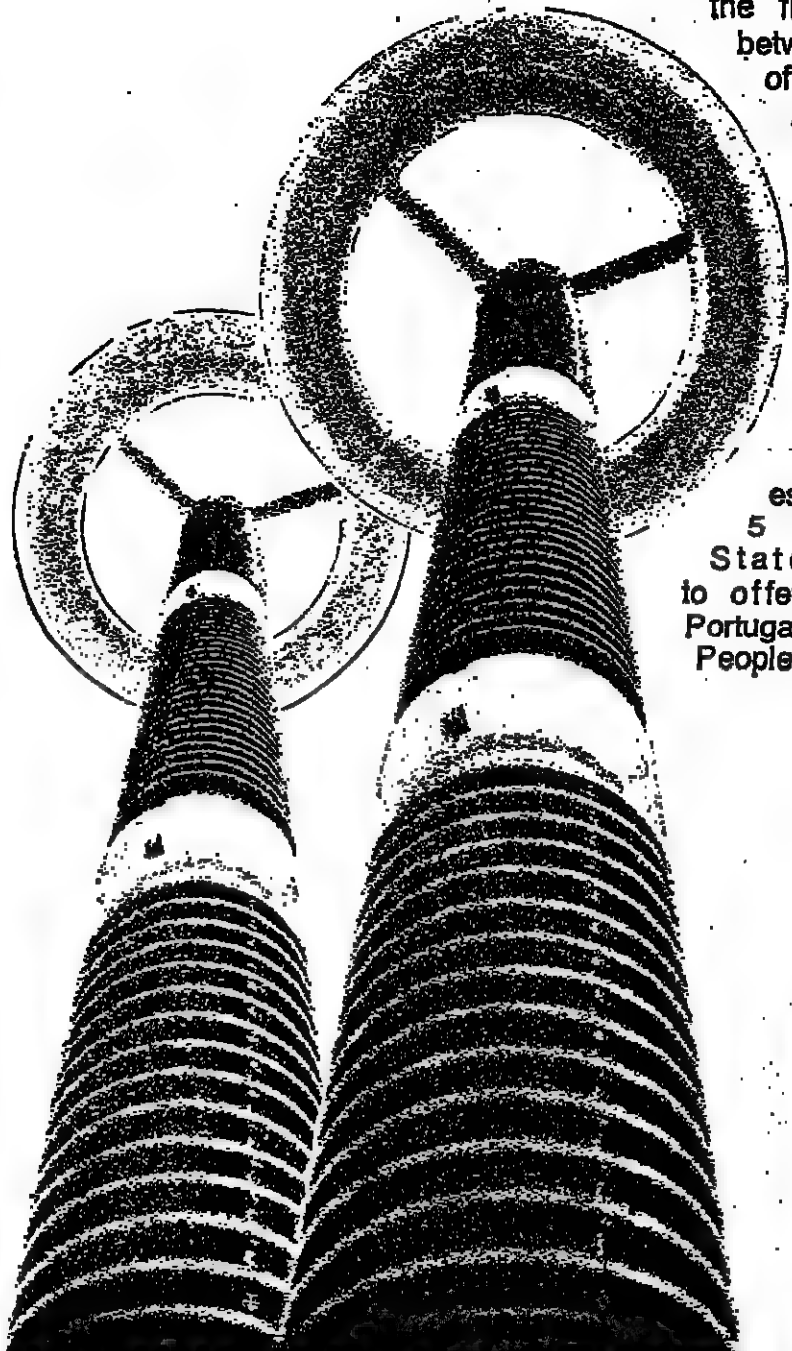
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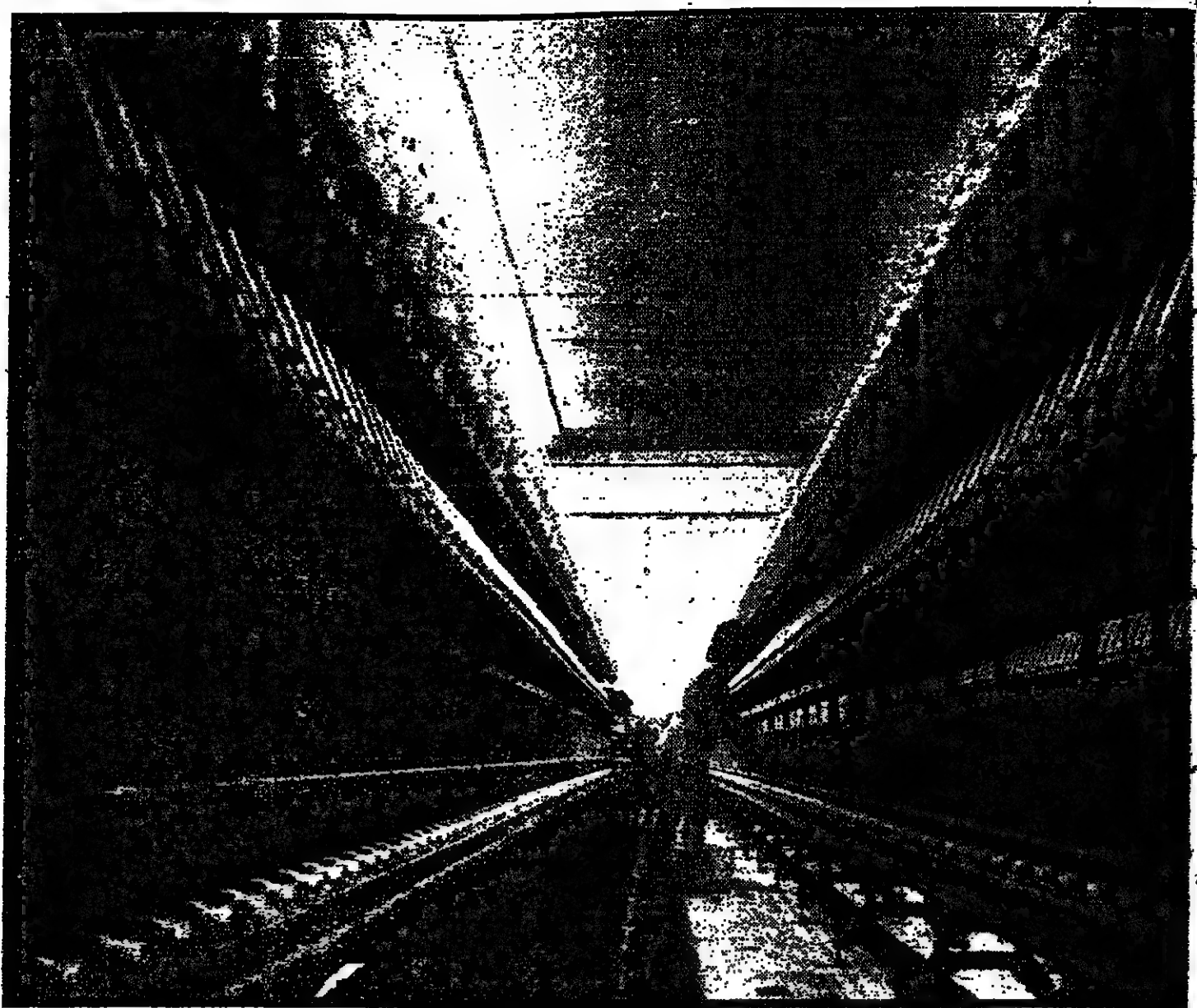


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PORTUGAL



A textile factory at Guimarães, northern Portugal.

Industry

Sky clearer for the economy

Portuguese industrial production continues to suffer from the effect of continuous strikes, much as the industry of most European countries. This is one of the most serious impediments to the Democratic Alliance Government's prime task of pulling the country up to the level required to join the EEC. Dr Sá Carneiro's Government sees behind these strikes more political than actual industrial imperus. A recent four-day strike by the Petrol Oil Company proved to be a serious setback to the country's progress, affecting a wide range of activities.

Meanwhile bankruptcies in the smaller and middle-size industries continue to strike their blow at the country's economy. In the first nine months of 1979 there were 1,374 close-downs, compared with 1,020 during the whole of the previous year and a mere 616 in 1977. Among the bankruptcies were those of 22 textile companies, a serious blow to industry in the north of the country.

Portugal's present basic industries may be listed as oil refining, which comes first, followed by the iron and steel industries, production of other ferrous metals, the chemical industry which includes fertilizers, the paper mills, and cement.

For some years two areas have been receiving special attention of industrial planners. These are the port of Sines, south of Lisbon, and its surrounding perimeter which includes the important Aljustrel pyrites mines, and north-eastern Portugal, which is rich in iron ore. The mining district is linked by waterway to the coast. The refining of crude oil has also become a primary industry, with one of its most important centres at Sines.

The coup in April, 1974, had halted a period of industrial expansion under the premiership of Dr Marcello Caetano. A fourth development plan, carrying on the lines of the three previous plans, had established priorities, including shipbuilding and repairing and the refining of oil. The Sines project was getting under way. The German Hoechst chemical plant had established a branch near Lisbon. Early in 1974, as the problem of petrol supplies for increasing road transport grew in this industrially-expanding country, impetus was given to oil prospecting. The northern oil refinery plant took shape, an industrial fund was created and the Government granted fiscal aid to industry. The giant CUP complex raised its capital, and the Confederation of Industries came into being.

The nationalization of industry in 1975 under the new regime's extreme left-wing President General Vasco Gonçalves, covered not only public enterprise, such as transport and electricity, but all branches including the national steel mills, cement, paper pulp units and also the Portuguese banks. The creation of a national minimum wage in May, 1974, increased the economic problems faced by small and medium firms. The owners could not meet the new wage bill; nor could they dismiss staff under the prevailing labour laws. In addition, the banks introduced a new restrictive credit policy.

The state, however, stepped in with aid to companies which were in dire financial difficulties although in some cases, this meant state interference in their management. As well, The Institute to Aid Small and Medium Industrial Enterprise was set up in 1975. The productive sector came to control 45 per cent of the gross fixed capital formation, and 10 per cent of the labour force. The Institute of State Participation was founded the same year to superintend and coordinate official intervention in the state's private enterprise enjoying state aid.

On the whole, although the situation helped industry, private investments showed no expansion and during the year after the revolution, there was a 24.5 per cent decrease in gross capital formation.

Looking back to 1979 as a whole we can see that, in general, the sky is clearer. To begin with, Signor Alvaro Barreto, Portugal's Minister of Industry, recently described in detail to Parliament his Government's present industrial policy. The Minister, an experienced business manager and director, insisted that this policy must be based on a realistic attitude to the implications of Portugal's membership of the EEC, taking particularly into account the country's poor financial situation, a deficit trade balance and high unemployment figures. The Minister's answer to the challenge is encouragement to private enterprise alongside state aid.

The seven points of the Minister's industrial programme are: full use of the iron ore from the Moncorvo mines in the north, and of the Alentejo province pyrites; implementation of the second phase of investment in the Sines petrochemical complex; further investment in the power sector; renovation of Portugal's Merchant Navy (which has been neglected for years); investment in the car industry and implementation of plans for the national steel industry.

This latter plan entails increasing the production capacity of the steel mills at Souselas, on the south side of the river Tagus, with full reserves, which are calculated at 300 million tons. The quality of the ore is poor, however.

It is to be noted that in mid-May the director of the Sines project (Sines Area Cabinet), Mr Carlos Neaumont, handed in his resignation, giving as his reason that he had "requested administrative and financial autonomy".

Foreign aid in the industrial field, whether in the form of skill and knowledge or loans and investment, is a basic feature of the Portuguese industrial scene. At the time of the 1974 "Captains' Revolution", the Bank of Portugal held some 870 tons of gold as its reserves. During the ensuing years this dwindled through sales and at the end of 1978 the reserves totalled about 688 tons. These gold stocks are a valuable asset as collateral. It is thanks to the economic policy of the late Prime Minister Salazar that the revolution against his basic principles was able to support the present regime.

Jose Shercliff

Financing of industry

Biggest aid share for state enterprises

When Senhor Anibal Cavaco e Silva, the conservative Government's Finance Minister, presented his 1980 Budget and plan this April, he promised a big squeeze on the public sector. He said it would grow only 0.5 per cent this year compared with more than 6 per cent last year.

Of the 71,500m escudos (\$650m) earmarked for the nationalized enterprises in the economy, 38 per cent will go to industry, with the greater part destined for strengthening small and medium-sized firms in which the state has some participation, and for creating decentralized industrial estates.

Of the budgeted amount, 19,000m escudos will come directly from the state's coffers; the balance will be raised through local and international loan issues, using available lines of credit, and from the World Bank, the European Investment Bank and the European Free Trade Association (EFTA) fund for Portugal.

For the state's part, significant industrial investment this year will be made in the Sines harbour and petrochemical complex (direct contributions will total 3,200m escudos), in a cement plant near the central town of Coimbra, a rolled steel plant at the national steelworks, Siduragisa Nacional, iron ore mining at Moncorvo, chemical production at Quimigal's factories and petroleum by-products from Petrolgal's steam cracker at Sines.

One of the main problems about industrial development in Portugal as it prepares for its entry in 1983 to the European Economic Community, is that much local production duplicates existing EEC capacity and will offer stiff competition in already oversupplied international markets.

This is nowhere truer than in the infant petrochemical and longer-established shipbuilding and repair enterprises. The state-owned Sotaseve shipbuilding yard faces an uncertain future unless there is an unforeseen international turnaround.

The privately-owned Lisnave repair yard, on the other hand, has fought hard in a tight world situation and for the first time since 1973 has announced a profit. It has done so by increasing repair contracts last year, shedding a number of surplus workers and diversifying into consulting projects overseas.

Although the Government is in a dilemma over the port of Sines, 100 miles south of Lisbon, the size of the national investment since it was first conceived in the early 1970s, is so great that no government can afford to cancel it.

As a result of the world energy crisis and rising petroleum prices, the Sines oil refinery is under used and the related steam cracker project, using by-products to produce chemicals, fibres and plastics, has reduced its production projections.

The state is committed to keeping these important industrial sectors alive but better performance can come only when the world economic picture improves, and this is unlikely in the short-term.

In the private sector, which is assisted by numerous incentive and aid packages, the Government is betting on the initiative of local and foreign entrepre-

neurs. As Senhor Joao Fernandes Salgueiro, managing director of the National Development Bank pointed out, the banks are giving priority, in making loans, to the traditional export-orientated Portuguese industries of textiles, cork, clothing and knitwear, wood, and shoes.

The National Development Bank is the main channel for World Bank, European Investment Bank and EFTA development fund aid to industry. At present it has \$5m in lines of credit available for export-oriented enterprises and the development of small and medium-sized industries.

Salgueiro said that one of the bank's newer ventures was financing Portuguese industrialists involved in civil construction and mechanical engineering projects in several foreign countries.

Another potential boom industry featuring high on the bank's list is agricultural business. Senhor Salgueiro said that in the past three years his bank had financed about 30 projects producing greenhouse horticultural export lines. The opportunities for large-scale growing of exotic fruits and vegetables and semi-tropical flowers, was being explored by the Agri-

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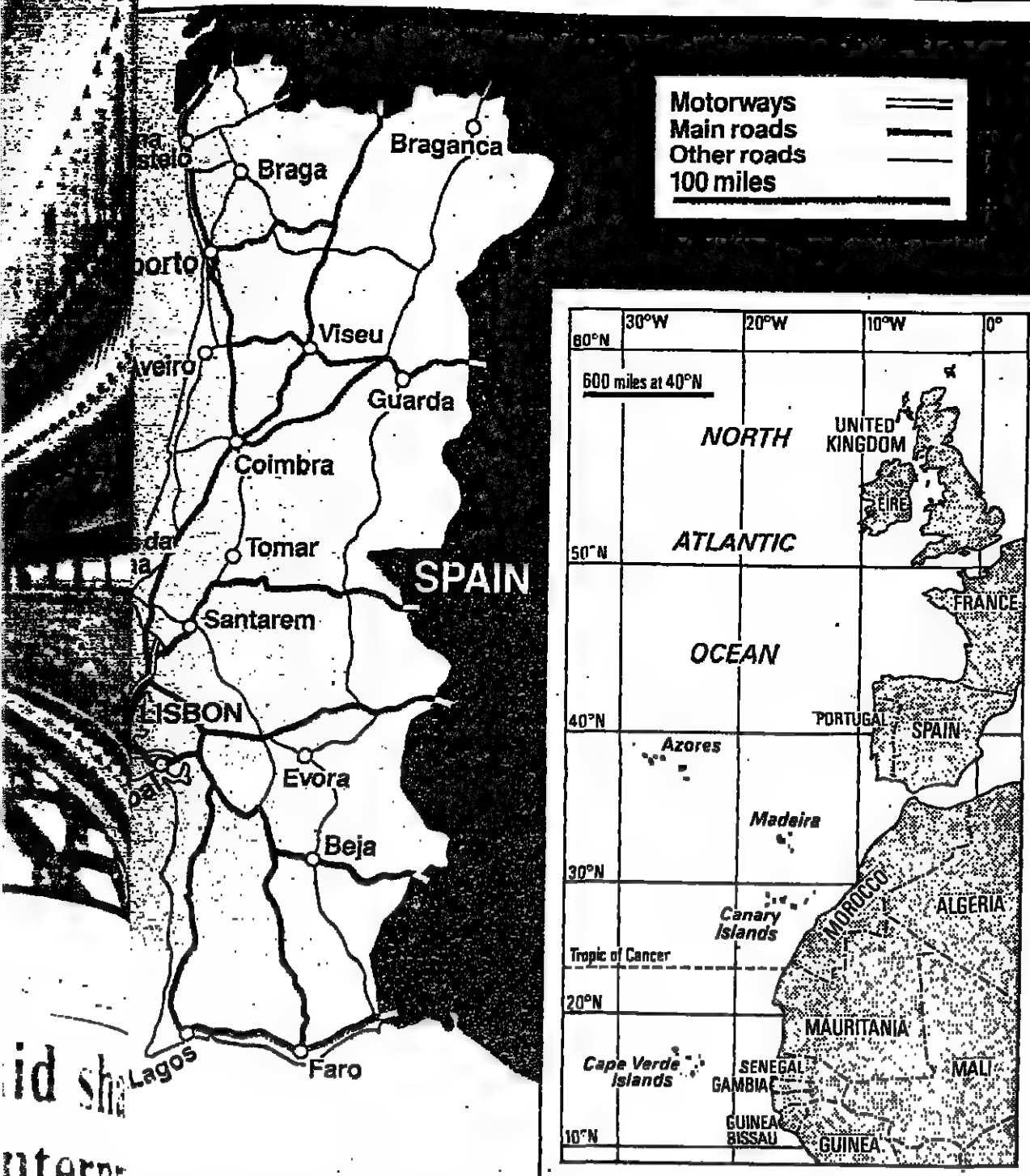
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PORTUGAL



Profile of the Premier

Leader leaves light brigade



There were times during the early days of the post-Caetano power struggle in Portugal when Dr Francisco Sa Carneiro seemed something of a lightweight compared with his rivals, Dr Mario Soares, the charismatic Socialist, and Dr Alvaro Cunhal, the hardline Communist.

The slightly built, immaculately dressed figure with the birdlike countenance who had been seriously injured in a road accident did not appear to have the physical or mental stamina to last the distance. His Social Democratic Party seemed less than fashionable in the heady revolutionary atmosphere of the time.

His political credibility appeared tainted by the fact that during the pre-revolutionary period he had attempted to fight the system from within rather than from prison or exile. Furthermore he could not always win the unwavering loyalty of his associates and was repeatedly discredited by internal party feuding.

In November, 1977, the internal clashes in the Social Democratic Party culminated in Dr Sa Carneiro's resignation from the leadership of the party of which he had been the main founder member and first president.

His political strengths could not be so simply eclipsed, however. Eight months later the Social Democrats' congress voted him back into office and gave him almost a free hand in laying down policy. In the general election that followed, Dr Sa Carneiro's steadily offered voters a clear alternative to the left-wing policies that had characterized the 11 administrations since the revolution. He gained power at the head of the Democratic Alliance, a coalition of four centre-right parties with an overall majority in the National Assembly.

Dr Sa Carneiro has the temperament of an ascetic. He is firmly convinced of his own prowess and can be intolerant of his associates. His thrust, assertive personality made it impossible for him to form a workable alliance with Dr Soares, the Socialist leader, in 1975 when under threat of a Communist takeover, the two men could not stand each other.

Born into a prosperous family in the northern city of Oporto in 1934, Dr Sa Carneiro established himself as a corporate lawyer before entering Parliament in 1969. But his hopes that the replacement of Dr Salazar, the right-wing dictator, by Dr Caetano heralded the advent of a new, more liberal, system of government were dashed. And after parliamentary clashes over censorship and police brutality, he resigned in 1973.

Dr Sa Carneiro's political strength is that he was clearly the personal choice of the voters. He achieved power with his undertaking to end the left-wing trend and to set the Portuguese economy on a new non-socialist base. In a Catholic country he has overcome the stigma of failed marriage and achieved a fair degree of personal popularity.

His more extreme critics accuse him of initiating a return to the Salazar policies of the past; his more moderate ones compare him — disparagingly — with Mrs Thatcher. Dr Sa Carneiro would not necessarily be offended by that although in the past he has likened his views to those of the left wing of the British Conservative Party. He certainly regards himself as a true social democrat.

Because of the terms of the Portuguese constitution a new election has to be held this October, so Dr Sa Carneiro has less than a year in which to prove himself. He has had to make a



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Aim is to be full member of Community by 1983

Priority to joining the EEC

Britain's oldest ally has received support for its bid to join the European Community. The Portuguese Government's intention is to restructure the holdings into larger units with help from the EEC and the co-operation of the farmers.

Naturally, upon entry, the Portuguese will be looking for new markets and hoping to find them in northern Europe. Since the Portuguese have an equable climate they can produce vegetables and fruit earlier than elsewhere and have them on the tables of northern Europe before the harvest.

The minister said that this is where they will profit from the Community. They are also exploring the possibilities of new production techniques. Even so, the country could add to the Community's surplus mountains of food by producing more tomatoes, although of a superior quality, than the Community can absorb.

One sector where they claim not to need help, or foreign investment (although it would not be turned away) is in wine production. It is considered by the Community to be a problem in agricultural policy. The Portuguese deny this, saying they have only

to-date machinery and fertilizers. In the north of the country, where there are many small farms, the Government's intention is to restructure the holdings into larger units with help from the EEC and the co-operation of the farmers.

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da Gama's birthplace

Industry engulfs fishing fleet haven

The once little seaside resort of Sines, south of Lisbon, has become the focus of the country's greatest concentrated industrial area. It stands half way between the fine promontory of Cape Espichel and Cape St Vincent to the south. Vasco da Gama, the discoverer of the route to the Indies, was born at Sines. From Sines the monarch Dom Miguel set sail into exile aboard the English vessel The Stag in 1834. In the old days it was considered to be a picturesque holiday resort, and its harbour was a haven for fishing vessels.

Now Sines has undergone a transformation into one of Portugal's most industrialized areas. Its port is an oil tanker terminal, an ore terminal and a terminal for refined products and gases. Into it pour iron ore from the Moncorvo mines in north-east Portugal, and pyrites from the Aljustrel mines near by in the Alentejo province. Its oil refinery is one of the busiest in the country; its petrochemical complex is planned to process 300,000 tons of ethylene a year; a fertilizer-producing complex, metal-mechanics industry and other subsidiaries have developed.

As far back as 1971, the government of Dr Marcelo Caetano (who had succeeded the late Dr Salazar as Portugal's Prime Minister) appointed a group of experts

to study the various projects which had been made for the localization of a concentrated area for basic industry. A cabinet for the planning and development of the Sines area came into being. This Sines area cabinet presented its general plan for the area in November 1972.

The plan included a zone for the concentration of basic industry, with an Atlantic ocean terminal, and the necessary urban development for the working population. This initial Sines area complex covered an area of nearly 50,000 hectares which included the port area, the industrial zone, housing zones, and the requisite transport by road and rail. Protection of the coastline was a feature, and there was a plan for forestry conservation.

Unfortunately, the April revolution of 1974 delayed the plans which were already being implemented for the building of the Sines complex. Under the fourth provisional government of General Vasco Gonçalves it was integrated into the responsibilities of the Ministry of Finance, which also handled economic planning and coordination. From that moment, it became more and more absorbed into the general bureaucracy of the country, and it still depends upon the Secretariat of State for Planning.

The money behind the Sines enterprise comes

partly from budget allocations, from loans contracted through the now nationalized Investment Bank, and a loan from the United States Dillon Overseas Corporation. The budgeted cost estimate amounts to 133m contos (a conto is 1,000 escudos). Of this, 35m contos are for port installations, roads, railways, water and electricity supplies, depollution treatment, of the industrial area waters, and the setting up of urban installations and environmental controls.

The Sines refinery is now working, and justifying the 20m contos investment in it. A further 32m contos went into building the petrochemical installation which is its complement. Further necessary developments involve the building of steel mills on the spot and the treatment of the pyrites from the rich mines nearby in the Alentejo province, all totaling more than 40m contos.

The development of light industry in the area calls for 400m escudos. In addition to this must be taken into account the necessary employment of a labour force of from 15,000 to 19,000 people in the area by 1982. The oil refinery has a basic capacity of 10 million tons a year and is operated by the group Petrosul. The same consortium, which consists of the Sociedade Nacional de Petrol (SONAP) and Companhia Uniao Fabril (CUF), also installed the petrochemical complex. This part

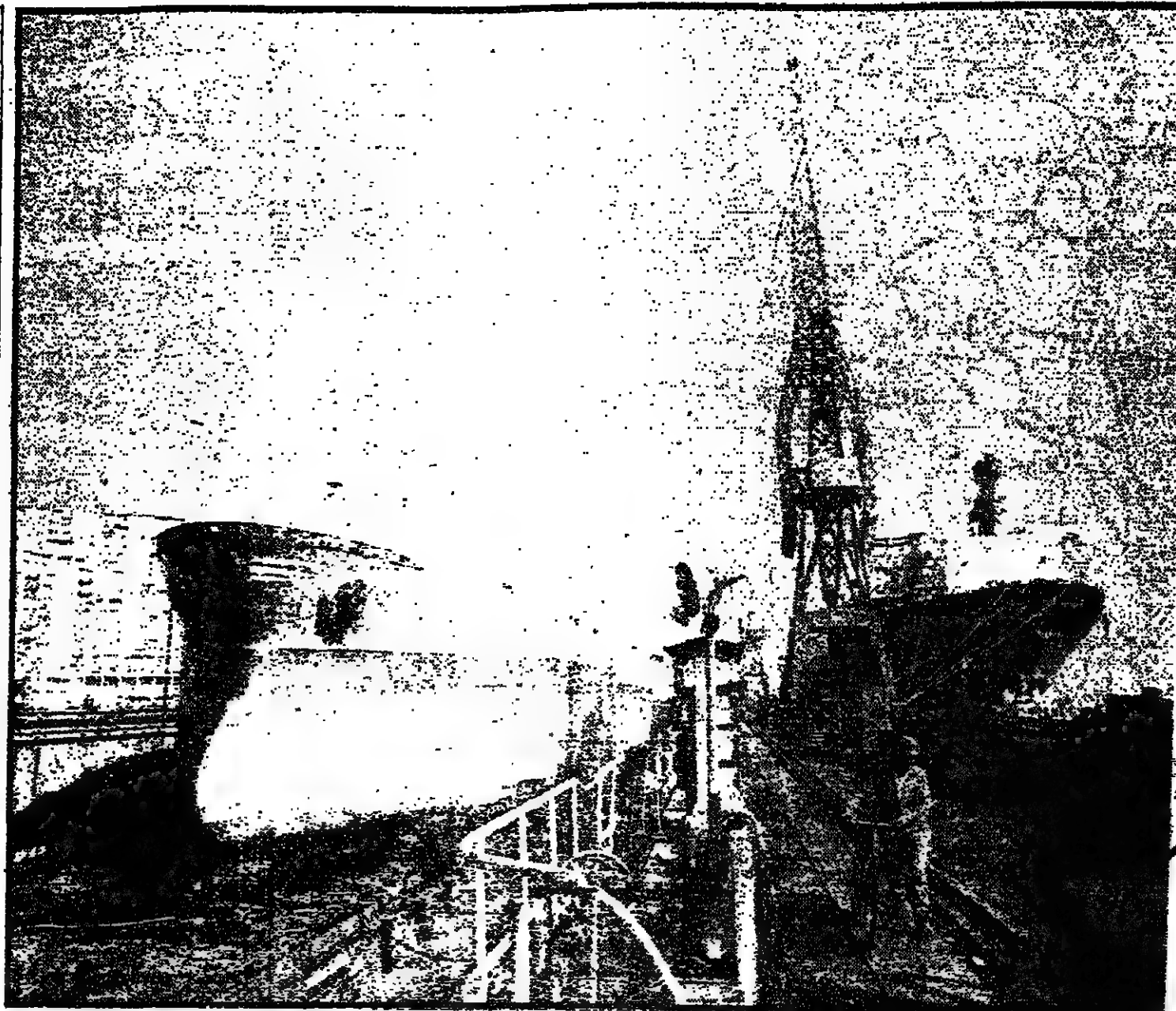
of the unit is designed to process about 300,000 tons of ethylene a year. There is also a complex for the production of fertilizers, industrial plant for the manufacture of the products derived from pyrites and a metal-mechanical industry for producing railway trucks. Other adjuncts are a chemical plant and a non-ferrous metallurgical factory.

The port facilities include a deep-draught oil tanker terminal, a terminal for gases and refined products, an ore terminal, an up-to-date fishing port, a thermo-electric centre and an oil product. The main industrial units can be expanded later as required.

All has not been trouble-free in the building of the Sines complex. Soon after its completion the port's protective mole collapsed under the heavy seas of an Atlantic storm and had to be rebuilt. The April 1974 revolution delayed continuation of work on the complex for a time. The whole plan was, however, recognized by early revolutionary governments as potentially a tremendous national asset, and work continued—as it does today.

If rapid development of the Moncorvo iron ore mines in north-east Portugal occurs, Sines port will be its direct outlet by waterway—from the start to the finish at the coast.

Jose Shercliff



A tanker in drydock at a Lisbon shipyard.

Shipyards

Building and repairs keep economy afloat

Sitting astride the route from the Mediterranean to the Americas, and the East countries to build up their own facilities. One such, a management contract to help to build and run the ASRY yard in Bahrain, still has seven years to run, while work on a \$200m contract to supply two floating docks for a new repair yard in Jiddah has recently started having been won by wholly-owned subsidiary, Natlink.

As early as 1855, two astute British boiler-makers recognized the strategic geographical position of the country and emigrated to set up a Portuguese company with the unlikely name of H. Parry and Sons, which still thrives with a 20,000 dwt capacity drydock and a 900-strong workforce in the port of Lisbon.

Now, however, Parry and Sons is only one of approximately 300 shipyards dotted along an 840km coastline with an ability to build or repair almost anything from the largest tankers to the smallest coastal vessels.

The importance of the industry to the Portuguese economy can be gauged by the fact that only one of these yards is estimated to provide some 5 per cent of all Portugal's foreign currency earnings.

Ask any tanker owner about the country and the first thing mentioned will be Lisnave, the massive repair facility for ULCCs and VLCCs at the mouth of the river Tagus, close to Lisbon. With a drydock capable of handling million-ton vessels (almost twice the size of anything yet built) in its south bank Margate yard, the company now claims that 20 per cent of all tankers and combination carriers transporting crude to Western Europe, Canada and the United States are repaired there. Lisnave may well be 25 per cent more expensive than Far Eastern repair yards for the equivalent routine refit of a ULCC but, once bunkering costs and time out of service are added to the cost equation, the company remains highly competitive, with its Far Eastern rivals and down-right damaging to its European ones. As a result, a total of 375 vessels docked for repairs with the group in 1979, producing a 51 per cent increase in sales over the previous year.

This was needed, however, because success in exporting business in shipbuilding and repair does not necessarily mean high profitability. Lisnave attracted 333 vessels for repair in 1978 and made a loss of 546m escudos in the process.

Now, however, after an agreement with the unions to cut the 10,000 workforce by some 15 per cent and a year of industrial peace despite a reputation for militancy acquired by employees during the 1974 revolution, the primarily privately-owned company is back in the black by a margin of 17.4m escudos (\$340,000).

The recovery was greatly aided by a growing involvement in offshore rig building and repair, the winding-down of shipbuilding activities and a reputation for speed and technical reliability. In addition Lisnave has an arrangement with Lloyd's Register of Shipping, whereby the company can trace appropriate vessels requiring repair.

Lisnave's success in capturing the tanker repair market has also made the

company an obvious candidate for helping Middle East countries to build up their own facilities. One such, a management contract to help to build and run the ASRY yard in Bahrain, still has seven years to run, while work on a \$200m contract to supply two floating docks for a new repair yard in Jiddah has recently started having been won by wholly-owned subsidiary, Natlink.

The other plant of the Portuguese shipbuilding and repair industry, the Government-owned Setenave yards, has been less fortunate. Unlike Lisnave, which was inaugurated in 1967 as a specialist repair yard before the tanker boom, Setenave was planned in 1971-72 as a specialist tanker building group with Norwegian and Portuguese private capital, precisely at the point when tanker rates began to collapse.

In addition, nationalization in 1975 broke a lucrative arrangement whereby

Setenave supplied the Swedish Eriksberg yard with tanker components and so far the large 700,000 tons capacity shipyard, 45km south of Lisbon, has produced only one of the 320,000 tons VLCCs for which it was expressly designed.

This ship, the Nequeira, was launched in August 1979, and sold to Sopanata, the Government-owned oil company which will shortly receive a sister ship. Other orders for three 35,000 tons bulk carriers for another Portuguese company also clearly reflect the company's dependence on domestic orders, with state help.

Setenave has, however, been determined to diversify in response to the shipping trends that gave the group such a difficult start. The company is negotiating contracts to build 70,000 and 80,000 tons bulk carriers for three years, far smaller vessels than were previously thought a suitable market.

It has reached an agreement with Lisnave whereby Setenave takes a 20 per cent proportion of repair work without direct competition and last year received 97 vessels at its three berths for the purpose. It is also building one of the two drydocks for Jiddah, in addition it has successfully developed tank cleaning, gas freeing and lay-up facilities so that large tankers do come to Setenave even if they are not built there.

If government rationalization in the face of depression in shipbuilding is evident in closer cooperation between the two major groups, it is also evident elsewhere.

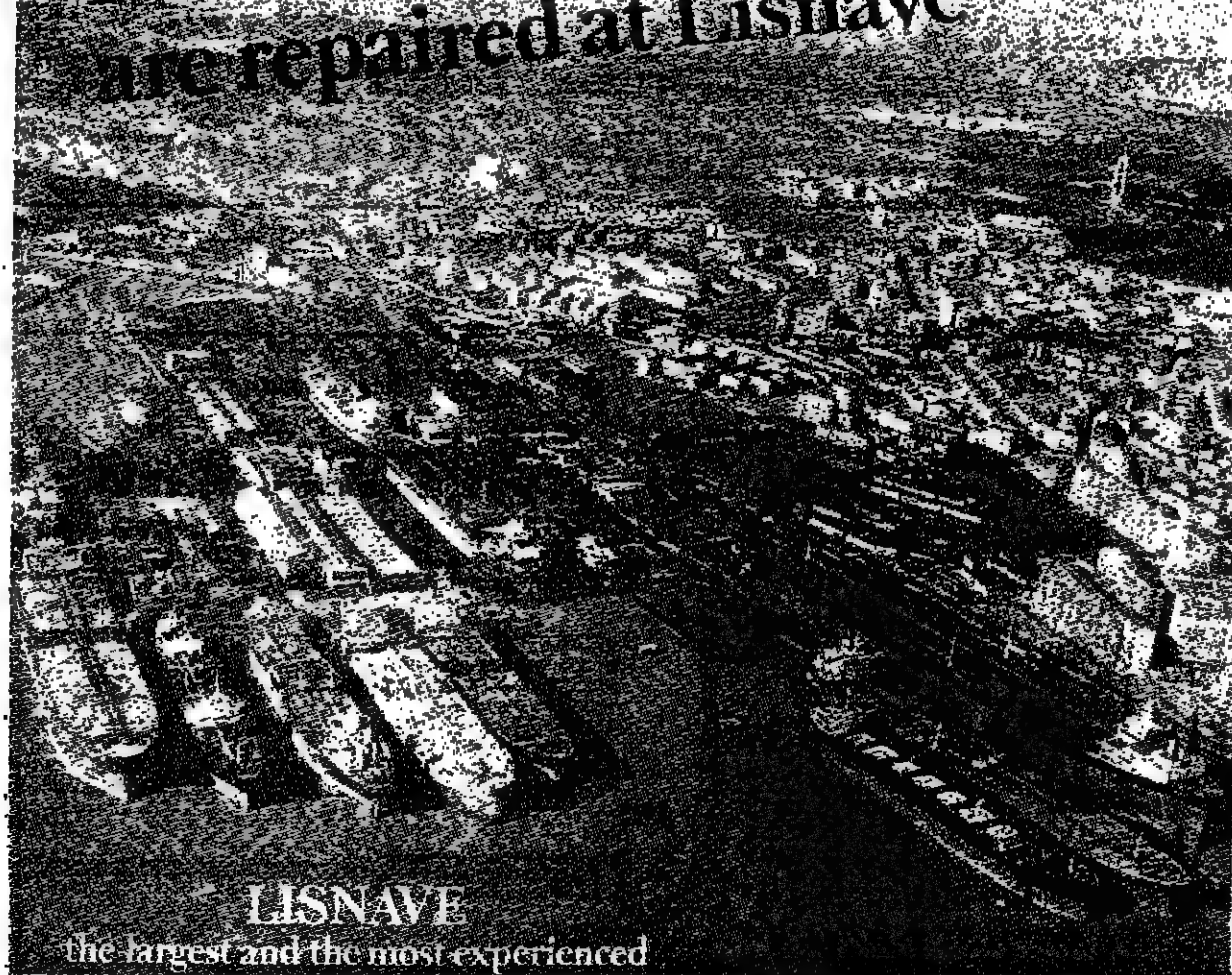
By the end of 1981 the state plans to give grants to the secondary yards amounting to about 7,000m escudos (\$140m) partly for ship construction like the four container ships and five grain carriers to be built at Viana do Castelo and partly for yard improvements. Apart from the employ-

ment considerable some 26,000 men the industry. Port carriers oil; cent of the country's fleet in need of repair and expansion and the cost of the shipbuilder's arguments in government aid.

Without such a geographical position with ship repair—Portugal building would have been hit even harder by the difficulties shipping, high interest rates and the decline in capacity seen in Europe and reputation for quality.

Christophe associ

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Foreign policy

New Government follows robust pro-Western line

Portugal's foreign policy has taken on a robust, pro-Western tone since the new government took office in January. In his first policy statement to Parliament, Dr. Amaro, the deputy Prime Minister and Minister of Foreign Affairs, said that membership of the European Community would now be the first priority of Portuguese foreign policy; and he called for a strengthening of Nato.

He made a sharp attack on Soviet expansionism, and said that the worsening of the international situation, where the sole fault of the strategic Union, the Government, he said, was aware of the Warsaw Pact's aim of "internationalisation" in Europe, and intended to resist this strategy with vigour.

This new policy line is in sharp contrast with those of previous Portuguese governments, and particularly with those of the caretaker government headed by Senhora

Maria de Lourdes Pintasilgo before last year's election. Portugal is a founder member of Nato, and has never suggested that it wanted to leave the alliance but in the years after the 1974 revolution, its policies were often tinged with aspirations towards non-alignment and concentration on the Third World.

There was a time when communists were playing an active part in the Portuguese government and the Portuguese delegation in Nato was not allowed to see the most secret documents in Nato. Things changed in 1976, after an election had been held and a coalition headed by the Socialists took office, but loyalty to Nato continued to be combined with emphasis on Third World ties.

Senhora Pintasilgo was the last of the three caretaker prime ministers appointed by President Banes after the Socialists

left office. She showed herself to be tolerant of the Soviet invasion of Afghanistan, saying that she had been told the troops would soon be withdrawn, and was sharply criticized for it by policy of Dr. Freitas do Amaral in his policy statement.

The incoming Government, on the other hand, recalled its ambassador in Moscow for consultation as a gesture of protest over the Soviet invasion; and it said that it would be carrying out an overall re-examination of its policies towards the Soviet Union in diplomacy, culture and commerce. It was different from the situation a few years ago when links with Moscow were being forged.

It was not the Government's intention to adopt drastic measures or extreme solutions, Dr. Freitas do Amaral said. "But we have the right and the duty to analyse in line with our conceptions, to what extent previous Governments did

or did not place the unyielding defence of Portuguese interests ahead of the ingenuous tendency to make concessions without any return or to carry out a unilateral policy of détente."

This last, he said, was "marked by a line of successive withdrawals in which the West achieves only retreats or stalemates and the communist black achieves advances."

At the same time the Government is anxious to improve its relations with the United States. It was quick to cut off its own commercial relations with Iran as a gesture of support for the Americans over the hostages being held in the American Embassy in Tehran.

It is now making efforts to speed its negotiations with the European Community, with a view to becoming a full member on January 1, 1983. For Dr. Freitas do Amaral, membership of the Community is

not just a matter of readily accepting the only course open to Portugal, but "the free and enlightened choice of the best solution among the many that we could choose."

Membership of the Community implies "the adoption of a new collective destiny which attracts us because it is in Europe that we see the model of society, the levels of well-being and the type of civilization and of culture to which we aspire as a political system, as a framework of life, and as a point of departure for the development of Portugal."

More prosaically, membership of the Community is seen, not just as an economic commitment but as a protection against any future lapse into dictatorship in Portugal, just as it is in Spain and Greece. It is felt that a coup d'état in Portugal would be unacceptable to the other members of the EEC.

Government, membership of the Community is also supported by the Socialists, who were responsible for submitting the original Portuguese application when they were in office. On a visit to London, Dr. Freitas do Amaral said this meant that more than 70 per cent of the political forces in Portugal were in favour, and the Communists were the only large party opposed.

The new emphasis on Europe and the West means that links with the Third World get less attention than they did. There would be no trace of "Third Worldism" or of non-alignment in Portuguese policies from now on, Dr. Freitas do Amaral said in his policy statement. But he went on to say that the Government would continue to maintain and develop Portugal's special links with the countries where Portuguese is spoken.

Peter Strafford

Agrarian reform

Patriarchal way of life being transformed

According to the Portuguese constitution, drawn up after the 1974 "Captains' revolution" which toppled the old regime, "Agrarian reform is one of the fundamental instruments for the building of a socialist society." The aims of agrarian reform are set out as: promoting the economic, social and cultural situation of land workers and small and medium farmers; increasing production and productivity in the agricultural areas and creating "the conditions necessary to achieve equality between those who work in agriculture and other workers."

Article 97 of the constitution, which follows, stipulates that "the transfer and use of the land and of the means of production utilized directly in its exploitation to those who work it shall be brought about through expropriation of large estates and big capitalist enterprises. Such expropriated lands must be handed over to small farmers, farm workers or cooperatives for exploitation. A redistribution of smallholdings was also covered in the law, the fields are beautiful, and safeguarding of small farmers' and emigrants' interests, and it was made clear that the size of private farms would be determined by law.

Agrarian reform is with us: and thus a whole patriarchal way of life—of the traditional farming of a land rich in olive groves, pasture lands and once seigneurial rights—has been transformed. The transformation still continues, with Republican Guards inviolating the handover (or handing back) of lands, with reprisals, violence and even deaths still occurring.

The rolling plains of the Alentejo province, south of the river Tagus and Lisbon, are the main area of reform. Representing about a third of the country's area, this great expanse of land is broken by small rises and gleaming white-washed towns and villages.

In fair weather the Alentejo skies are a bright, clear blue, and highways cut through the land like straight white arrows. Gnarled olive trees bespeak the region's rich olive oil production, rolling wheat fields are beautiful, and acres of twisted olive trees are a wealth in themselves.

Nevertheless, there has always been a traditional poverty of living among the landworkers, compared with the wealth of the landowners, and this has made them easy prey to communist ideology.

Section IV of the post-revolution constitution, deals with the official ordering of the redistribution of land in nine articles which occupy three and a half pages of print. The first article (no 96) announces "the aims of land reform as transference of the use and production of the land to those who work it."

The law provides for the dividing up of large estates, called *latifundios*, among cooperatives, small farmers or units of collective working. A redistribution of smallholdings is also provided for, and the maximum sizes of farms are determined by law. Cooperatives are encouraged, leasing systems covered by statute, and small and medium farmers are entitled to state aid if they need it.

All this is down in black and white in the country's law, but implementation of it is a different matter. So is the rehabilitation of areas seriously affected by the wholesale takeover by farmers during the early days of the revolution. The restitutions mostly occur under police or Republican Guard supervision, against the will of the illegal occupants, and often under the eyes of hostile crowds. There have been clashes between rural workers and police. Only a few weeks ago a farm worker died in a takeover clash.

The original idea of land reform was to redistribute workable land so that nobody had too much, nobody had too little, and everybody had a reasonable sufficiency. What has impeded carrying out the law, however, is not so much the justice of redistribution, but the use of this distribution as a motive for political agitation.

Since poverty provides excellent soil for communist exploitation, the farmlands of Portugal, south of the river Tagus, have provided the opportunity for a firm communist hold, and the

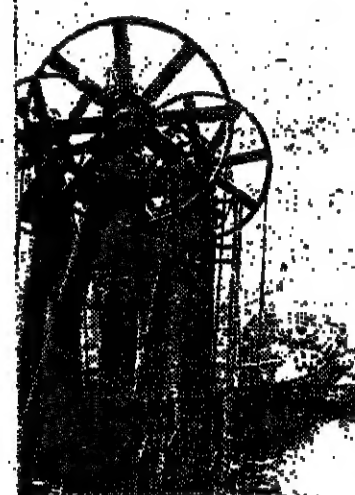
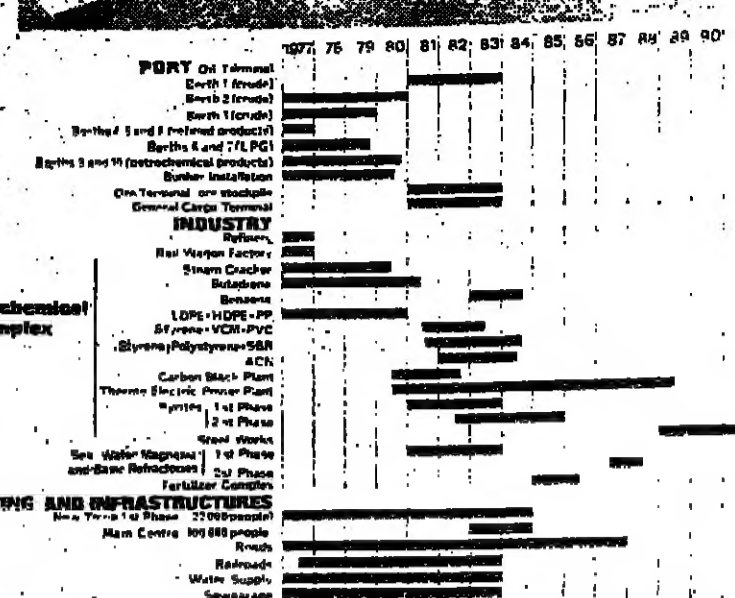
political leaders naturally do everything in their power to hamper the intended reform.

During the height of the illegal occupation by landworkers of Alentejo farms, not only the Portuguese landowners and farmers suffered, but also foreign farmers in the area. Among these were British farmers, who lost valuable cattle, farm machinery and crops. An Association of Foreign Farmers was formed to defend their interests. Under Portuguese law (Land Reform and Nationalization Acts), foreign-owned properties are exempt from seizure by the state or by the workers.

The handing back of reserves to deprived farmers goes on regularly and quietly under the present Government. Recently, Senator Sá Carneiro, the Prime Minister, went to the Alentejo to preside over the restoring to its owner of such a farm. The damage has been done, however, and although wrongs may be righted, there are still bitterness and unease over the whole subject.

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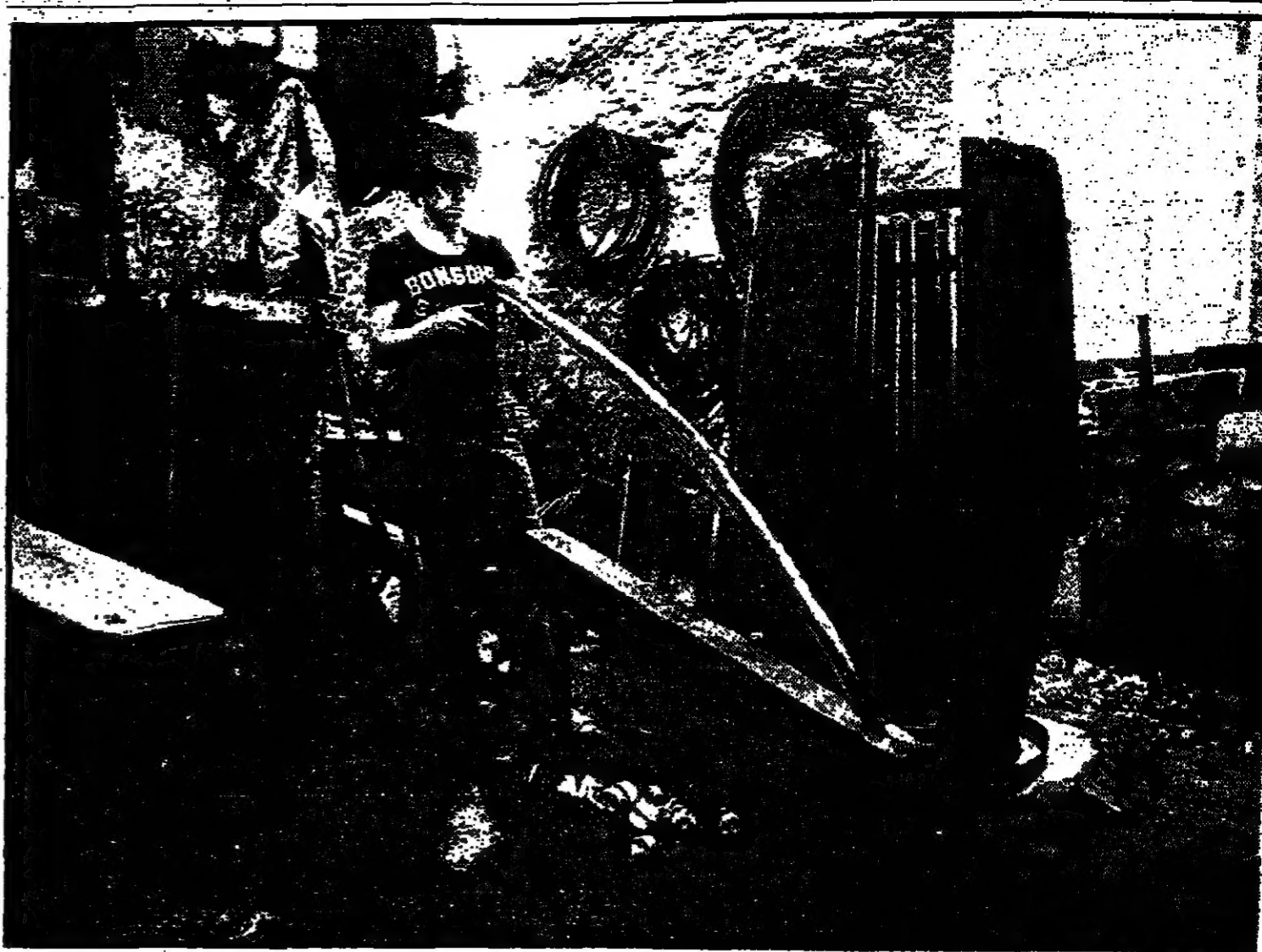
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Wine

There's joy in the vineyards as production goes up

The news that Portugal's abundant vineyards produced more than 11 million hectolitres of wine last year, an increase of about 50 per cent over the 1978 figure, has given joy to producers and consumers alike. For the 1977 and 1978 yields were so far below the annual average that the country had to import cheap wines from elsewhere for domestic consumption.

Dr Viana Simoes, director of the Portuguese Government trade office in London, said: "We are a nation of wine drinkers—among the leading consumers in Europe. The average consumption per head is over 100 litres a year."

The 1978 crop was particularly distressing, he said, because it was even smaller than in 1977, a poor year, and when prices of *vinho de consumo* (vin ordinaire) rose there was, temporarily, a decline in home consumption. "This is now rising and the 1979 vintage will help our export efforts," he said. "We are a happy man since he hails from the northern Minho district, which produces *vinho verde*. The devaluation of the escudo since 1977 has boosted exports to the United States, which itself saw the dollar plummet before its recent rise. The United States imported 22 million litres of Portuguese wine in 1979, almost all in bottle, while Britain, the second most important customer, lagged behind with only six million litres."

Within the European Community, West Germany and Italy are also good customers, and last November Portuguese producers were granted an export quota to each EEC country of 30,000 litres of *vinho verde* and 20,000 litres of *dan* in addition to the customary quota for port at preferential duty rate.

Outlining his plans for 1980, Dr Simoes said it will spend more than £100,000 on advertising and special store promotions. Since the *vinho verde* producers have contributed to this budget, their wines will receive particular attention. At a recent London tasting, he talked to Senhor Antonio Simoes Neto, president of the *Vinho Verde* Commission of Producers, who said: "It has taken a long time to introduce our wines abroad, but we now find British customers much more receptive to them."

Vinho verde means "green wine"—an epithet which expresses its sprightly youth and slight sparkle (which the French call *pétillant*). The wines are made in country of unspoiled beauty, where vines clamber exuberantly up tree trunks, trellises and pergolas. Many visitors are surprised to find *verdes* listed also under the *tinto* (which means red) lists in local restaurants. "What on earth is a red green wine?" I overheard a bewildered tourist inquire. Red *verdes*, vinified to produce a wine of high acidity from black grapes, have an astringency which shocks the uninitiated drinker. Most alluring is their deep raspberry hue and palate-tingling froth, which "cuts" most effectively the richer local dishes.

The red wines of the *Dao* could become serious rivals to the good Spanish reds from the Rioja and Penedes regions, if promoted correctly abroad. They come from the terraced vines in the rugged mountainous north of Portugal, where the terrain demands of its vignerons devotion and a tough physique. They produce a deep crimson or intense garnet wine, with plenty of fruit and tannin, rigorously which in the finest years matures magnificently. The reserve and surpluses—the world's most beautiful vineyard producers there, face inevitably rising, especially wages price of grapes cheered by buoyant sales.

Sanhor Antonio, director of Cock Oporto, said: "1979 was a record year for port: we our sales to Britain over 16 per cent more remained alive a British drive the Portuguese con than 10 per cent of country's production added."

A leading London par, Mr Tim C Deinhard, importer, said that fine and "late-bottled character" were best sellers. "Higher prices will toms to dri cheaper, less it types," he stated.

Joyce Re

Tourism

'More beds' is the desperate cry as the horde grows

As an industry, tourism ranks as one of Portugal's chief earners of foreign currency—not surprisingly perhaps when one considers the endless hours of sunbath, the hundreds of miles of Atlantic-washed beaches and the diverse and attractive scenery the country offers.

For many years, as its other industries declined or remained underdeveloped, Portugal became a place to visit to get away from the crowds on other European coastlines. Particularly this was so for the British, with their 600-year-old alliance, who have always had a soft spot for the gentleness of the people, the vigour of the wine and the simplicity of the relaxation available: bathing, eating, drinking and taking it easy.

Now the scene has changed, and not for the better some allege. Within the past 20 years the country, and the Algarve in particular, has been developed, but of all recognition from a simple peasant environment, where you rarely saw a car, to a coastline which draws hordes of visitors, all demanding attention, and crowding the beaches and the swimming pools. New hotels have sprouted, but not in sufficient numbers for everyone to be comfortable when the season gets under way. August is a wicked month.

Fortunately for the environmentalists and those with aesthetic leanings, the Algarve has not become a concrete ribbon like that which has so spoiled parts of the Spanish coast.

But even so, some officials and agents are worried about tourism, now a multi-million escudo industry. They claim that saturation point will soon be reached if large-scale local and foreign investment is not introduced shortly. One agent said that the Algarve could die within the next few years if steps were not taken to improve and develop its services which are beginning to creak, and often crack, under the strain of catering for the tens of thousands of visitors.

Many of the popular golden beaches are becoming polluted with the refuse of the holidaymaker, which could eventually constitute a health hazard. It is likely to continue unless measures are taken to install a proper regional sewerage system. The power cables are frequently overloaded, causing blackouts which are inconvenient for all and scaring for children.

The tourist authorities agree with the criticism, but are at a loss to know what to do in the short term, although the plans look splendid as plans.

The state tourist office is aware of the difficulties and criticism and is working hard to attract foreign investment by offering good returns on investment over long periods such as 15 to 20 years.

Senhor José Carrasco, of the director-general's office, said: "We have created special conditions for foreign investors—up to 50 per cent in certain cases."

Plans to raise investment rates were under consideration by the Government. He agreed that facilities were stretched and that the necessary inner structure was missing, certainly in the Algarve, but particularly in the north, which it was promoting heavily this year.

Revenue last year exceeded 1,000m and is expected to increase by 15 per cent this year. Those figures are conservative since they were the receipts disclosed by the Bank of Portugal. The real revenue is probably considerably higher.

Tourism is reckoned to employ, officially, about 150,000 people, although that figure is also thought to be on the low side, since there are entrepreneurs, restaurant and golf course management and staff who often do not show up in the official statistics. What the 130,000 do is, anyone's guess, since patience can be stretched waiting for officials and underlings to make simple decisions. Cashing a traveller's cheque can be a nightmare and take hours in some areas.

What is desperately needed is more beds for the increasing number of visitors. Building has lagged behind since the revolution and is only now keeping pace with demand. A present Portugal has 75,000 beds, 75,000 of which are on the Algarve and 10,000 in Madeira. The new beds are in complexes which were under construction before the revolution, as a result of which many companies pulled out.

The austerity that Portugal is suffering is a direct result of the measures taken by the Alianca, and make new spending on further projects doubtful, although the private investor will be encouraged. Statistics provided by the Institute of Foreign Investments show that European countries and the United States poured nearly £2m into new projects in 1978.

One of the largest developments on the Algarve is run by Mr Sander van Gelder, a Dutch former jeweller who had a chain of shops throughout Holland. He bought the Vale do Lobo complex in January, 1978, and has put millions of escudos into his "dream". He has upset many of the British who retired there but is determined to make an idyll of his venture. He builds and rents villas along the beautiful golf course, and in some eyes has improved the complex which was started by the Costain group in the early 1960s. It was one of the companies that pulled out of Portugal after 1974.

Air Portugal, the national airline, which changed its name from Transportes Aereos Portugueses because it did not translate easily, is trying hard to cope with the increasing number of passengers. Senhor Fer-



Away from the busy beaches... a pilgrim at Fatima.

over the acquisition of aircraft. Senhor Martinho, its new chairman, is introducing fresh financial policy, which he claims, should see the airline breaking even by 1982. Principal measures to be made include the raising of mainland domestic fares and a rationalization of the north Atlantic routes.

The big question mark is

Anthony

هكذا من الأصل

gh most visitors to Portugal head for the Algarve, there are areas scarcely touched by the tourist. Portugal is an ancient country, full of diverse and appealing scenery, with food and wine in the north, of which Oporto is the capital. The Costa Verde, above Lisbon, also has its devotees and was once a haven for exiled royalty.

'The land beyond'

British invaders of officials are arriving in the Algarve, creating numbers to take up residence and swell the present Algarve development boom. This has given rise to the very Portuguese joke: "The British have lost an empire and gained a province".

While tourism is a comparatively new development, fishing remains a major industry of the coastal province that has long provided many of the hardy cod fishermen of the Newfoundland Grand Banks and was the training ground under Prince Henry the Navigator, the fifteenth century Portuguese explorer who opened up nearly two thirds of the world.

As they have done throughout the ages, thousands of high-proved boats from Phoenician origin still put to sea regularly from Algarvian harbours, ports and creeks. Squat trawlers roam farther afield in search of the great shoals of sardine and *cajun* (tunny), but every night—except Fridays in this Catholic region—the lanterns of the smaller craft ring the shores and convoluted red sandstone cliffs like a circlet of precious stones.

Inland, the fields, dark brown against simple farmhouses with tall Moorish chimneys, intricately lattice-worked, produce almonds, figs, black and green olives and garbled carob beans that are used both for cattle feed and making a harsh brandy. Peaches grow in abundance, also, as well as British—mainly wine and table grapes, outsize strawberries, lemons and colonial oranges.

Everything seems to sprout and prosper in this Garden of Portugal, including a spectacular annual array of wild flowers. From the dazzling outburst of white almond blossoms in mid-winter—it is said Moorish prince planted the orchards for his young bride who pined for the mountain snows of her home—to the wild spring irises, the scarlet poppies of May and the blooms and subtle grasses of the dry summer, the ever-changing Algarve landscape is strikingly beautiful.

The people of the Algarve, fisherfolk and agricultural workers alike, are robust, courteous and warmhearted. As is the nature of their benign climate. There is also a quality of melancholy in their natures, expressed in bitter-sweet songs such as the *fado*, that is more a philosophy than a true condition of despair. One of the legends of the Algarve is that its people are the descendants of survivors from Atlantis, and their present-day sadness or *saudade* reflects a mourning for their long-lost continent.

Some Algarvians have reddish hair and blue eyes, others the bushy black beard and flashing eyes of their adventurous forebears. Among this polyglot people, there are even those whose handsome features and feckless charm reflect a Celtic ancestry.

For all that, there is a distinctive look to the average Algarvian, isolated from the rest of Portugal by the Monchique hills and the Mountains of the Caudron.

Eric Robins

Where the royal exiles gather to mourn a throne

Just why the charming seaside coastal towns of Estoril and Cascais, only 20 miles or so outside Lisbon, should have been chosen by so many recently uncrowned heads as the ideal spot in which to mourn a throne, is not clear. Perhaps it is the sad music of the *fado*, the Portuguese traditional songs, sung in cellars all over Lisbon and along this coast (the Costa do Sol, not to be confused with its Spanish transference), which seemed to the exiles an appropriate accompaniment to the lost trappings of royalty.

Whatever the reason, when permanent winter settled on most of the thrones of Europe, many of its once-crowned heads sought warmer climates, both politically and actually in Estoril and around. At one time the royal families of Spain, France, Romania, Bulgaria, Italy, Austria and Belgium were all represented in Estoril, and, despite the Portuguese revolution, many of them are still there.

Perhaps the attraction was the mist-washed towers and spires of Sintra, the jagged ridge of mountains to the north, which traps the sea clouds and hugs them round the old summer castles and palaces on the peaks like a last royal mantle, which recedes a last elegy for monarchy. It might also have been because this coast has an exceptional climate. I have

seen people bathing at Estoril in January, mild and healthy all the year round, plenty of distractions and a good social life and is near Lisbon, one of the most handsome capital cities in the world.

The Costa do Sol faces south across the most open part of the Tagus estuary and from Carcavelos out to the Guincho, there is every kind of beach, flat and tranquil, wild and rocky, the sand ground fine by the sweeping Atlantic rollers. Even in winter when the sea is fierce and magnificent on the westerly beaches, it is rarely cold in Estoril or Cascais because they face south into the sun. In the summer the heat is almost tropical, the pale gold beaches,

dotted with colourful umbrellas and bronzing people but the wild ocean surges majestically in and usually brings a cooling breeze.

Along the seafloor there are restaurants which extend from the elegant to the almost primitive. The Tagus is in common delicious seafood and the kinds of wines which unveil the splendours of Portugal's too long forgotten bottled assets. From just up the road at Colares comes one of the few wines to have escaped the depredations of the nineteenth century wine scourge, phylloxera. When well aged the red can be wonderful and the white, a Colares, particularly fine.

Estoril has a casino which caters for every gambling taste from roulette to slot

machines and an excellent golf course set between the saw-edge blue peaks of the Sintra Mountains and the town, which is kept in good condition all the year round by an expensive modern sprinkler system.

Across the Tagus to the south, it is not quite as elegant and cosmopolitan but Serubal, on the last foothills of the Serra da Arrábida, overlooking the wide estuary of the river Sado, is justly famous for producing the finest muscatel wine in the world, dark gold, rich, uncloyingly sweet and powerful, and for the cultivation of that curious mollusc, the Portuguese oyster.

A side road before you get to Serubal takes you west

to Sesimbra, halfway out towards the headland of Cape Espichel, where there is an elegant hotel and a less smart one called the Espadarte, which is the headquarters of some of the best game fishing in Europe. Espadarte is Portuguese for swordfish and some world record catches of these great beasts have been made just off Cape Espichel.

Between Guincho and Sesimbra, by way of Lisbon, you have every kind of holiday living. You can choose daily, if you hire a car, whether you wish to hobnob with princes or peasants. There are not many other costs of which you can say that.

Iain Crawford

The rugged north has much to offer the tourist

Over the years British knowledge of Portugal has moved down to the beaches around Lisbon and farther south to the Algarve, but our first acquaintance with our oldest ally was in the north. Charles II's Queen, Catherine, of Braganza, hailed from the north-east corner of Portugal; the development of trade which resulted from this alliance took Britons to Oporto and led to the creation of port—the finest desert wine in the world.

Although it is less easy to get to, now that the main points of entry to Portugal are Lisbon and Faro, the

north has a great deal to offer the discerning tourist. The Minho, the most northerly province, is the nation's heartland, the area longest cultivated and inhabited and the rough cradle in which Portuguese independence formed and from which it grew and spread in the twelfth century.

The countryside is rugged, with towering granite mountains and turbulent streams falling down their stern slopes into wild ravines, over which the falcons soar. Sixteenth century Portuguese explorers gave the province one of its staple crops when

they brought back Indian corn in their far-ranging caravels.

This part of Portugal is full of fascinating towns like Viana do Castelo which claims to have the most beautiful altar in Europe in the church of Nossa Senhora do Rosario, although Viseu, inland and to the south of Oporto, might well contend that its own sumptuous cathedral and fine paintings by Vasco Fernandes are superior.

Around the old towns of the Minho grow the trellised grapes which produce the semi-sparkling *vinho verde*, which is one of the world's

best drinks on a hot day. Barcelos, the first capital of the province, is a fine market town, famous for the gaily-painted black, yellow and red cockerels.

Down this rough coast there are fine sandy beaches at Ancora Espoende and Oir, better than the Mediterranean beaches because they are on the Atlantic. The main town of the north, Oporto, hangs layered on the hill overlooking the yellow flood of the River Douro, on whose upper banks, eastward towards Spain, the grapes for port are grown. Across the river from this splendid rambling seaport, quays

bristling with ships' masts of every vintage, is Vila Nova de Gaia, whose cool colour is a fine market town, famous for the gaily-painted black, yellow and red cockerels.

Parthor south, the land flattens, with rice paddy fields inland and Atlantic dunes anchored to the land by plantations of seapines against the predatory ocean. Fine beaches abound there from the fashionable Figueira da Foz, to the spectacular Nazare, with beaches below the cliffs strewn with fishing boats, dragged up after every trip (there is no real harbour).

Inland is Coimbra, site of

one of the oldest universities in the world and many other fine buildings. Everywhere in the north are splendid buildings reflecting Portugal's rich imperial past (and some surviving from the Romans).

The north of Portugal offers mountains and fishermen, beaches and cliffs, ornate churches and elegant squares, rowing castles, excellent wines and marvelous food from the sea. Happily it is largely ignored except by the Portuguese at high holiday time in August.

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PORTUGAL

Troia is a new complex which, with its manifest appeal, should attract many more visitors

Big company with big ideas

Troia is a big company with big ideas. According to its management, it is going to get even bigger in the next few years. There is no reason to disbelieve the forecast, given two founder-partners with sea-like qualities and a thriving team of executives who do get things done.

The present pride of the company is Troia, a peninsula 40km south of Lisbon lying opposite Setúbal, a small village on the mainland. Troia is a privileged location, having sandy beaches, natural forests and a splendid marina.

The company was formed in the early 1960s by two brothers named da Silva. They are still in sole charge of one of the biggest private tourist development companies in the country, although they remain in the background and leave the day-to-day running of the group to carefully appointed executives.

The peninsula has an area of 1,579 hectares (3,889 acres) with hotels, apartments, swimming pools and all the extras the holiday-maker could wish for. In addition it has a 7,000yd golf course built by Robert Trent Jones, and the com-

pany has plans for two more.

Senhor Carlos Amorim, general manager of the company, said that it is hoping to hold an invitation open championship next November when it will invite the best players in the world, with all expenses paid, to mark the opening in appropriate fashion.

The company is surging ahead with the follow-up years which resulted from the revolution of 1974. Hotels and apartments have sprung up and the company has more than 7,000 beds throughout the country. Senhor Amorim says that in the next 10 years it hopes to build further accommodation to house more than 30,000 beds. "We believe that we shall have about 20 per cent of the available beds in the country by the early 1990s, although we cannot forecast what our competitors will be doing. We think we shall be ahead of them, even so."

Senhor Amorim says the company compares in size with the Melia Group in Spain. It has spread throughout the country, from Bragança in the north to the Alentejo and the Algarve in the south. It was started in Alvor on the Algarve when the senior of the da Silvas recognized the potential of the area and bought his first hotel. He predicted the growth of hotels and swimming-pools and said there would be a complete town within seven years. "He had faith in his vision and he was right", Senhor Amorim said.

In a drive to get ahead, the company is buying three more hovercraft to add to the two it has. These make for a pleasant end to the traveller's journey. In addition the company has a Cessna to cut down travelling time for its executives constantly scurrying back and forth across Portugal looking for new sites for hotels and further complexes.

The company has eight hotels. It employs 1,000 workers and is owned by 26,000 people who bought 10,000 escudo shares before the revolution and now get a good return on their investment.

The company's intention is to expand further. It needs foreign investment and has interested groups and companies from Saudi Arabia, Germany, the United States and Canada, particularly in the Troia complex. As well as its hotels, restaurants and apartments the company runs, under licence, all the casinos in Portugal. In 10 years' time the peninsula could rival the Algarve.

A.J.

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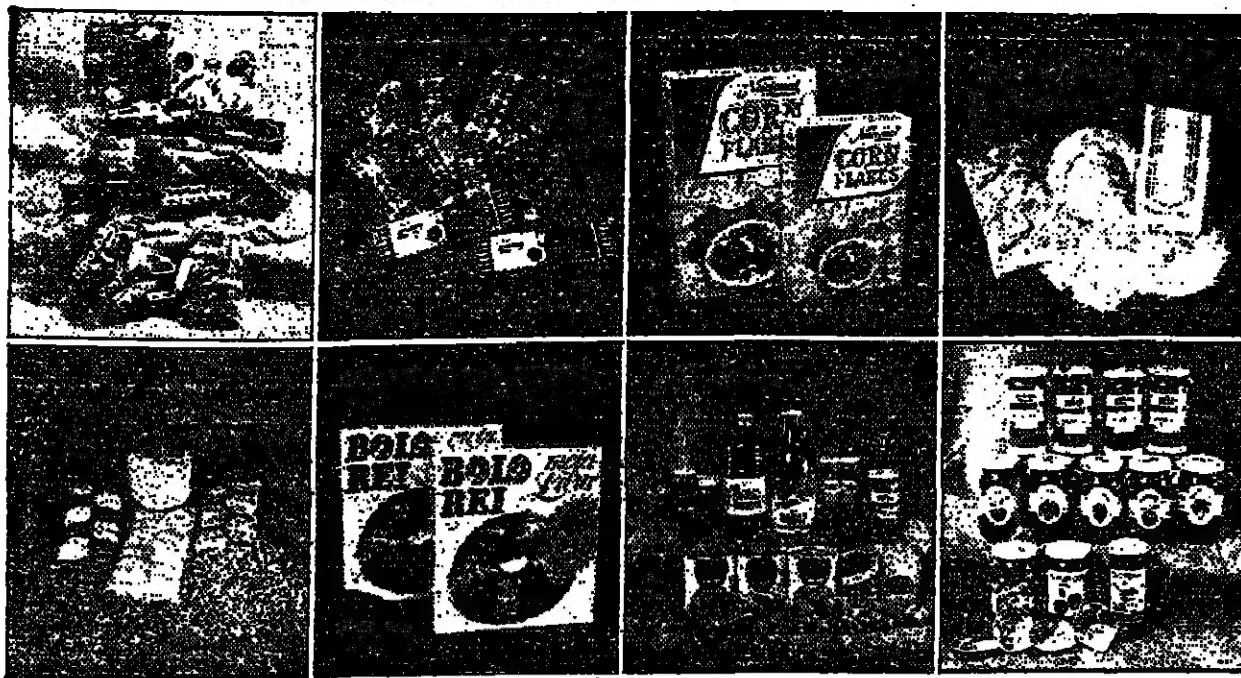
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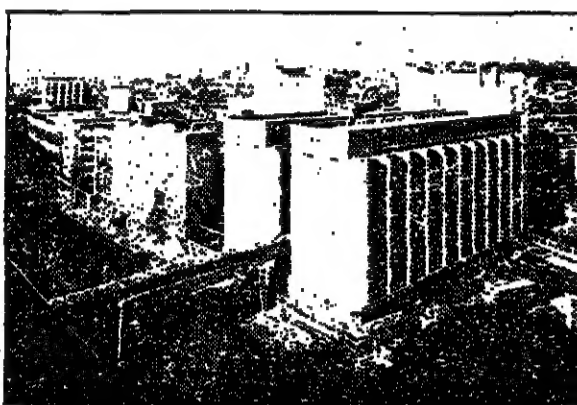


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PORTUGAL

Other than remittances from abroad, tourism is the biggest earner of foreign currency for Portugal. The sector employs about 130,000 people permanently with others drafted into the popular areas such as the Algarve to cope with the influx of tourists at the height of the season. Hoteliers, golf course directors and developers of holiday complexes are in the business of serving the visitors and catering for their needs. Anthony Jones talks to five men who each have positive views of where the industry is going and what it should be achieving

Go-ahead developer treads on golfers' toes

Not everyone on the Algarve, particularly the Briton, was overjoyed when Mr Sander van Gelder, a Dutchman aged 42, bought the whole of the 750-acre complex of Vale do Lobo on January 1, 1978. Indeed, since then there has been acrimony; and outbursts of abuse have appeared in the papers and local magazines which are printed in the various languages to cater for the multinational visitors to this part of the country.

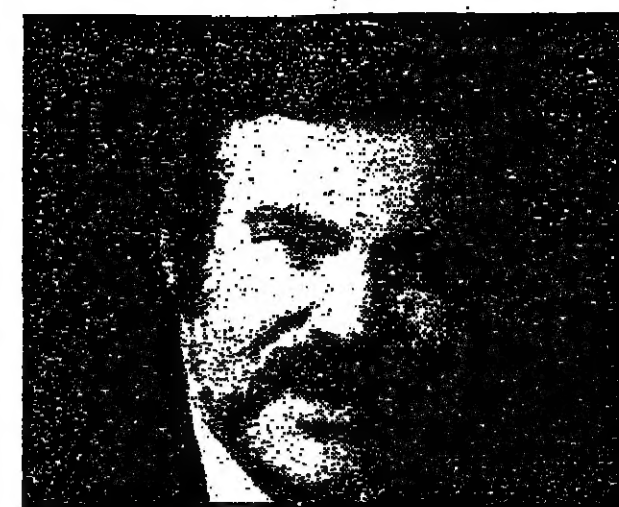
But, as Mr van Gelder says, "what would life be without problems?" He certainly thrives on controversy.

Nevertheless there is no gainsaying that if the British have had their gentle rounds of golf and cocktail evenings disturbed, there are 900 people who were previously unemployed and who have a great deal to thank him for. He has a wage bill conservatively estimated at 324m escudos (about £2.9m) annually.

He may be suffering from some local difficulties with the residents but he has had no problems with the planned construction. That has forced ahead. "We have created a great many facilities that were missing previously." Indeed, the catering has improved with many more bars, and so on.

The Roger Taylor tennis complex has 13 courts and was launched in May with much publicity and attendant international players. The courts have a restaurant and a sauna and deserve to be a success, for they have opened up the area to yet another kind of visitor.

The retired people at Vale do Lobo may not like or even appreciate what Mr van Gelder is doing but it is still the British who are buying



into his complex, particularly with the lifting of the dollar premium. What the British appear to resent is his methods, though the resentment seems often to be the result of misunderstanding. He has, according to rumour, taken a strong line with some of the residents in banning them from the golf course. It is said he has a black-list, but the allegation has been denied.

Even so, with all the upsets, some of his avowed enemies agree that he has changed many things for the better. Certainly facilities cost more, but inflation has had a great deal to do with that.

Married, with three children, Mr van Gelder previously owned 17 jewelry shops in Holland, with an annual turnover of £17m, until he sold out to an insurance group. He sees himself staying in Vale do Lobo for the next 20 years as that is the length of time his dream will take to materialize.

He works hard and expects his staff to do likewise. Those who do not, or disagree, are given short shrift. One of his biggest difficulties is that he expects to do everything himself from banging a nail into a wall to writing a press release. He has learnt that that is not possible, but he still manifests an energy at variance with the ease and pace with which the Portuguese take life.

Even so he is philosophical about the troubles his development has encountered. "What you have here is a group of people who disagree with me. The policy of the company is to build a luxury development and a few people—and I emphasize a few—are unhappy. If that is the case, then the value of their property has risen and they can sell and take a nice profit. Their main concern is the cost of services, but I have made many improvements and if we are to maintain the standards then the services must be paid for."

All work for man with three jobs

Dr Ismael Ribeiro da Cunha is a small, ebullient man who, it appears, never stops working. Meetings with him often take place in the early hours of the morning. They have to, since he does three jobs: he is a lawyer with a busy practice in Lisbon; he is the chief administrator—and a board member—of Lusotur, one of the biggest private companies in Portugal with offices in Lisbon and Vilamoura; and he is the president of the Algarve Tourist Board.

He was born in the Douro 38 years ago and has the bland, unlined face of one who enjoys work. He rarely rests and travels regularly to Brazil. Every weekend he flies to the Algarve where he wrestles with problems thrown up by the tourist board.

His rise through Lusotur has been fast. In 1972 he was made director of public relations. Four years later he was given responsibility for all commercial matters and the newly built marina. One of his colleagues said: "He was known as the prince of Vilamoura. Now he is the king of the Algarve."

He claims to have no politics: "middle of the road would be the way to describe me". Though he takes pride in a statement made by a left-wing Lisbon daily that he is "a man of the right respected by the left". He talks coldly of the revolution, and was little moved by the demonstrations and the emotions that became a flood of carnations and tears. The past 10 years have

turned full circle for him. In 1963, the first mooted the idea of regional tourist board the Algarve and dral original terms of refi. Now he is the presid: a fully integrated bod: 16, waiting fac: together. He admits a compromise candi: since the boards wa: man not acceptable: Minister of Tourism himself, had suggest: several others: "I a: available solution t: problem", Dr da C: says.

He has six aims to while he holds office: save the Algarve 2: destruction. If we d: then the coastline w: survive since 85 pe: of visitors to Portu: south. I intend to st: wild-camping; end: clandestine construct: to destroying the c: countryside; and r: all the stray dogs. F: I went to increase th: amount of foreign: investment and to l: the promotion facili: "In addition I wa: ge across the mess: Algarve e Branco—Algarve is white—b: inviting everyone t: his house while to: complement the sea: sky, the yellow of: beaches and the gre: treat."

On Portugal's join: EEC he is firm. "P: it is the right move: will be bad for us: economically, and f: tourism especially: French and German: others are more: sophisticated than: I will handle the m: better. There will: movement of labou: shall have no spec: advantages."

Englishman who put course on the map

Mr David Green, aged 62, is the classic case of the Englishman who, tired of working long hours and never seeing his wife, took himself off to the sun. Now he is known to thousands of golfers, both amateur and professional, as the director of one of the Algarve's finest courses, Vilamoura.

With his wife, Jocelyne, and a dog of indeterminate origin he lives in a delightful hillside village called Boliqueime: an idyllic life, he agrees. He maintains that he is now part of the sunshine, as he went to the club before the course was built and was offered the managership in 1969.

He has seen many changes since the course was opened. "We struggled to get golfers here in the early days as the Algarve was not then thought of as a place to play. Now it is so different; last year we played more than 30,000 rounds over the course, which was too much since it proved increasingly difficult to get them round."



"We put the course on the map in 1970 when we mounted the Algarve open, which generated a great deal of interest locally. Then I have handled two Portuguese open championships, the last in 1979."

Mr Green says that with the interest in the game accelerating he needs another nine holes and a solution has been found whereby the adjoining course, the Dom Pedro, will be linked with Vilamoura. One of the few things to dismay him is that the

amalgamation will not take place soon enough. The problem is so acute that he feels he might have to restrict golf over his course to allow those already playing to enjoy their game. "It is unwise to diminish the pleasure of those already playing."

Before going to the Algarve 12 years ago Mr Green was in commerce, after seven years in the army. He spent so much time travelling that he bought a hotel, the Mariners in Haverfordwest, and that was so successful that Allied Breweries bought it.

With only three years to retirement what will he do? "I hope to continue as long as I can, though the job is not the sinecure some people think."

He emphasizes that the company owning the course does not expect to make a lot of money from it, though it does not expect to lose either. "Last year was the first year since the beginning that we showed black figures."

Outlook improves for villas after setbacks

"When I started in business I was a hotelier and I went to Switzerland where my mother had some hotels. Later I returned to Lisbon where I began a car agency for Volkswagen in 1970. The next year I met Neville Roberts, now the chairman of Villas, and went to work for him."

Thus, from such small beginnings, Senhor Manuel Lucas has risen to become the managing director of a company that was originally called the Algarve Agency. Now it is widely known as International Travel Products with offices throughout Europe and a new office in Palm Beach, Florida.

The objective of the company, from the beginning, was to aim for quality in tourism, to attract those who wanted a holiday with that certain extra. Initially it had few villas to rent but its reputation spread and, being able to offer such attractive terms, it gathered more villas from expatriates wanting to capitalize on an expanding market.

In 1972 there was a sharp increase of interest from other countries and the company approached American Express and Wagon-Lits to act as its agents throughout Europe.

Early in 1973 world events intervened. There was an energy crisis, and after that an election in Britain compounded by the "flower" revolution of



April 25, 1974. There was a cholera epidemic in 1975, and 1976 saw more troubles after the revolution. Few people wanted to know about Portugal and holidays.

Senhor Lucas is philosophical about all the troubles the country and the company suffered. "We have gone from strength to strength each year since then. New ideas abound and we are constantly examining and often rejecting them. Remember, it can cost upward of £30,000 to

investigate an idea. We have expanded our operations into Jamaica—not too happy at present—Greece, and the United States. We have other holiday centres planned but nothing is certain at the moment."

On the Algarve, the company runs 300 villas and is as busy in winter as in summer. One of the main reasons is that it expanded into sporting holidays, with golf the natural forerunner. That has now been followed by tennis holidays and coaching weeks at the Roger Taylor complex, the brainchild of the former Davis Cup star and his wife, Frances.

Portugal is not a factory for tourism, says Senhor Lucas. "It is unspoilt, unlike other parts, and we intend to aim goldily for quality as we always have done. We have learnt from the mistakes of the Spanish."

Aged 40, Senhor Lucas is married and has three daughters. He is a good-looking man who, in the words of one of his staff, is the person they send to talk to irate owners, when anything goes wrong. He always manages to sort out their problems, she said. With 65 per cent repeat business he certainly seems to succeed.

His final word on tourism is that he is there to provide a service. "That is the business we are in."

Discreet charm of hotel manager

The Dona Filipa Hotel at Vale do Lobo is probably the finest jewel in Sir Charles Forde's crown. Glistening white outside, it is a luxurious haven of marble and moorish charm within. If you did not know who the manager was you would be likely to miss him. Senhor Fernando de Almeida is the epitome of a hotel manager: discreet, charming, neat in dress and manner, but in full charge of his staff of 186.

At 53, Senhor Almeida has spent 38 years in hotel work except for a short break when he worked in Britain for Ford of Dagenham. An unlikely departure, perhaps, but he had to leave Portugal for political reasons when he was running a chain of restaurants in Lisbon and elsewhere in the country.

He began his career in a hotel in Estoril and later moved into catering and the management side of the chain he was then working for. He also worked for the Hilton in London.

The revolution, it is generally acknowledged, did a power of good for the country, but not least for many of the workers. Senhor Almeida joined Trust House Forte at the worst time of all—August, 1974—when he was appointed assistant manager of the Dona Filipa. It was a difficult time with few visitors, "but matters became much worse when



the manager was d by the staff in 1975 all very sad."

He has carved out for himself with the Filipa and is know: knows, all his clien: name. Will he say: Algarve? "I shall: I am sent. If it i: America, then well: But I should like t: London again, as I: as my second home: the policy of our g: more managers an: that they gain diffe: kinds of experienc

The Wines of Portugal

On 27th November, a time when many could be choosing their Christmas wine, Times is proposing to publish a Special on Portuguese wines. This report has been to keep Times readers informed on all Portuguese wines not only the famous wines but the lesser known and local wines, the whites, the roses and, of course, the "green wine" from the Minho. We wish to investigate further, there will special feature on the tours that are available the Portuguese vineyards.

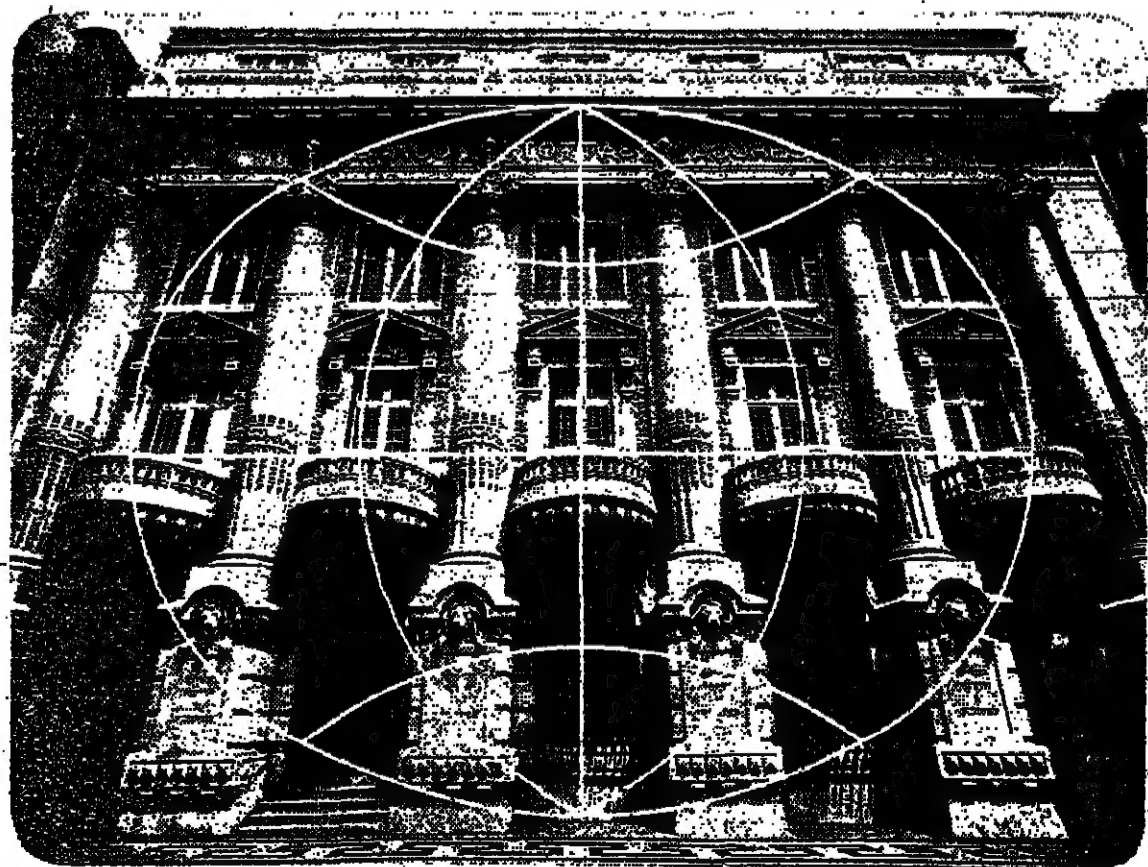
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